Supreme Court, U.S.
FILED

No. 02-373

SEP 5 - 2002
OFFICE OF THE CLERK

In The

Supreme Court of the United States

ORANGE BANG, INC., UNIQUE BEVERAGE DISPENSERS, INC., DAVID FOX and BRUCE BURWICK,

Petitioners,

v.

JUICY WHIP, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR WRIT OF CERTIORARI

JEFFREY A. SCHWAB
Counsel of Record
ANTHONY A. COPPOLA
RICHARD L. CRISONA
ABELMAN, FRAYNE & SCHWAB
150 E. 42nd Street
New York, New York 10017
(212) 949-9022

COCKLE LAW BRIEF PRINTING CO. (800) 225-6964
OR CALL COLLECT (402) 342-2831

95 pp

QUESTION PRESENTED

On June 7, 2002, the Court of Appeals for the Federal Circuit reversed and remanded a jury verdict of invalidity of U.S. Patent No. 5,575,405 ("the '405 patent"). The Federal Circuit concluded, *inter alia*, that "substantial evidence does not support the jury's verdict that the claims at issue are invalid as having been in prior public use." Paramount to its decision was the lower court's belief that the six witnesses who testified about the invention and public use of the prior art devices were interested to one degree or another, and that the defendants had not provided sufficient further corroborating evidence.

The question presented here is:

1. Has the United States Court of Appeals for the Federal Circuit, whose jurisdiction does not include appeals of criminal matters, in its recent decisions created a conflict with its earlier precedent and placed itself out of step with its sister circuits by applying the "clear and convincing" evidentiary burden in cases challenging patent validity under 35 U.S.C. § 102(b) in a manner which is more rigorous than the criminal law standard of "beyond a reasonable doubt" in overturning a jury verdict supported by the testimony of six witnesses whose testimony was conceded to be credible by the Federal Circuit, and corroborated by documentary evidence?

PARTIES TO THE PROCEEDINGS AND CORPORATE DISCLOSURE STATEMENT

The parties to the proceedings in the United States Court of Appeals for the Federal Circuit were petitioners Orange Bang, Inc., Unique Beverage Dispensers, Inc., David Fox and Bruce Burwick and respondent Juicy Whip, Inc.

None of these parties is either publicly held or affiliated with an entity that is so held.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
PARTIES TO THE PROCEEDINGS AND CORPORATE DISCLOSURE STATEMENT	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	v
PETITION FOR WRIT OF CERTIORARI	1
OPINIONS BELOW	1
JURISDICTION	2
STATUTES INVOLVED IN THE CASE	2
STATEMENT OF THE CASE	3
REASONS FOR GRANTING THE WRIT	9
I. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH THE PRIOR DECISION OF THIS COURT	11
A. The Evolution of the Clear and Convincing Burden of Proof to Establish Prior Use	11
B. Uncorroborated Oral Testimony Can Satisfy the Beyond a Reasonable Doubt Burden of Proof	13
C. The Court Below Applied a More Stringent Standard Than "Clear and Convincing" in Assessing the Sufficiency of the Evidence of Invalidity	15
II. THE FEDERAL CIRCUIT'S OPINION DIRECTLY CONTRADICTS MANY OF ITS PRIOR DECISIONS	18

TABLE OF CONTENTS – Continued

Page

CONCLUSION 25

APPENDIX A ..... App. 1

TABLE OF AUTHORITIES

Page

CASES

Addington v. Texas, 441 U.S. 418, 99 S.Ct. 1804 (1979) 11, 12

Am-Pro Protective Agency, Inc. v. United States, 281 F.3d 1234 (Fed. Cir. 2002) 15

Beachcombers, International, Inc. v. WildeWood Creative Products, Inc., 31 F.3d 1154, 31 U.S.P.Q.2d 1653 (Fed. Cir. 1994) 19, 20

Brooke Group Ltd. v. Brown & Williamson Tobacco Corp., 509 U.S. 209, 113 S.Ct. 2578 (1993) 24

Cardinal Chem. Co. v. Morton Int'l, Inc., 508 U.S. 83, 113 S.Ct. 1967 (1993) 19

Coleman v. Dines, 754 F.2d 353, 224 U.S.P.Q. 857 (Fed. Cir. 1985) 12

Cooper v. Goldfarb, 154 F.3d 1321, 47 U.S.P.Q.2d 1896 (Fed. Cir. 1988) 12

Cornell v. Nix, 119 F.3d 1329 (8th Cir. 1997) 18

Cruzan v. Director, Missouri Dept. of Health, 497 U.S. 261, 110 S.Ct. 2841 (1990) 18

Dickinson v. Petroleum Conversion Corp., 338 U.S. 507, 70 S.Ct. 322 (1950) 19

Eibel Process Co. v. Minnesota & Ontario Paper Co., 261 U.S. 45, 43 S.Ct. 322 (1923) 11

Ethicon, Inc. v. U.S. Surgical Corp., 135 F.3d 1456, 45 U.S.P.Q.2d 1545 (Fed. Cir. 1998) 21

Finnigan Corp. v. Int'l Trade Com'n, 180 F.3d 1354, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999) .. 8, 13, 14, 22, 23, 24

TABLE OF AUTHORITIES – Continued

Page

Graewe v. United States, 474 U.S. 1069, 106 S.Ct. 828 (1986) 14

Hobson v. Eaton, 399 F.2d 781 (6th Cir. 1968) 18

In re Medrano, 956 F.2d 101 (5th Cir. 1992) 18

In re Reuter, 670 F.2d 1015, 210 U.S.P.Q. 249 (C.C.P.A. 1981) 8

In re Winship, 397 U.S. 358, 90 S.Ct. 1068 (1970) 12

Juicy Whip, Inc. v. Orange Bang Inc., 185 F.3d 1364, 51 U.S.P.Q.2d 1700 (Fed. Cir. 1999) 1, 4

Juicy Whip, Inc. v. Orange Bang Inc., 292 F.3d 728, 63 U.S.P.Q.2d 1251 (Fed. Cir. 2002) 2

Lyda v. United States, 321 F.2d 788 (9th Cir. 1963) 13

Oney v. Ratliff, 182 F.3d 893, 51 U.S.P.Q.2d 1697 (Fed. Cir. 1999) 14, 22

Price v. Symsek, 988 F.2d 1187, 26 U.S.P.Q.2d 1031 (Fed. Cir. 1993) 12, 15

Reese v. Hurst, 661 F.2d 1222, 211 U.S.P.Q.2d 936 (C.C.P.A. 1981) 12

Thomson S.A. v. Quixote Corp., 166 F.3d 1172, 49 U.S.P.Q.2d 1530 (Fed. Cir.), *cert. denied*, 527 U.S. 1036, 119 S.Ct. 2395 (1999) 21, 23, 24

United States v. Barton, 992 F.2d 66 (5th Cir. 1993) 18

United States v. Dunigan, 884 F.2d 1010 (7th Cir. 1989) 14

United States v. Gadison, 8 F.3d 186 (5th Cir. 1993) 14

United States v. Gallo, 763 F.2d 1504 (6th Cir. 1986) 14

TABLE OF AUTHORITIES – Continued

Page

United States v. Spears, 49 F.3d 1136 (6th Cir. 1995) 14

United States v. Tam, 240 F.3d 797 (9th Cir. 2001) 13, 17

Washburn & Moen Mfg. Co. v. Beat 'Em All Barbed-Wire Co., 143 U.S. 275, 12 S.Ct. 443 (1892) ... 8, 9, 10, 11, 12

Woodland Trust v. Flowertree Nursery, Inc., 148 F.3d 1368, 47 U.S.P.Q.2d 1363 (Fed. Cir. 1998) 11, 14, 21, 22

STATUTES

28 U.S.C. § 1254(1) 2

28 U.S.C. § 1295(a) 18

35 U.S.C. § 101 1

35 U.S.C. § 102(b) 1, 2, 9, 17

PETITION FOR WRIT OF CERTIORARI

Defendants Orange Bang, Inc., Unique Beverage Dispensers, Inc., David Fox, and Bruce Burwick (collectively, "Orange Bang") respectfully pray for a writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

This case has twice been before the United States Court of Appeals for the Federal Circuit. In 1999 the patent in suit was declared invalid because it included a requirement of public deception for sales-enhancing purposes; however, on August 6, 1999, the Federal Circuit reversed the District Court for the Central District of California's summary judgment holding the '405 patent invalid for lack of utility (35 U.S.C. § 101). *See Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 51 U.S.P.Q.2d 1700 (Fed. Cir. 1999). Again on June 7, 2002 a divided Federal Circuit reversed the district court's denial of plaintiff's motions for JMOL and set aside jury findings of invalidity based upon the prior invention, public use and sale by another and inequitable conduct because it found the evidence supporting the invalidity verdict, albeit credible, insufficient as a matter of law.

The jury had found the '405 patent invalid and unenforceable under 35 U.S.C. § 102(b), based upon the prior invention, public use and sale after hearing the testimony of six (6) witnesses about two versions of prior devices made and placed into commerce by one of the defendants, David Fox, more than one year prior to the filing of the

application which became the '405 patent. The jury as well invalidated the patent on the basis of misrepresentations made by the named inventors in procuring the patent. With the Federal Circuit's reversal of the jury verdict on these issues, the matter is now on remand for trial on the issue of damages.

Chief Judge Mayer filed a dissenting opinion in which he stated that he would affirm the invalidity judgment. The opinion of the Federal Circuit that gives rise to this petition is reported at 292 F.3d 728, 63 U.S.P.Q.2d 1251.

For ease of reference, the Federal Circuit's opinion is reprinted in Appendix A hereto ("App.___") commencing at page App.1 through App.38. The district court's denial of plaintiff motion for JMOL is annexed at App.39-App.62.

JURISDICTION

The judgment of the court of appeals was issued on June 7, 2002. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED IN THE CASE

1. Title 35 of the United States Code, Section 102(b) states:

> A person shall be entitled to a patent unless –
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than

> one year prior to the date of the application for patent in the United States. . . .

STATEMENT OF THE CASE

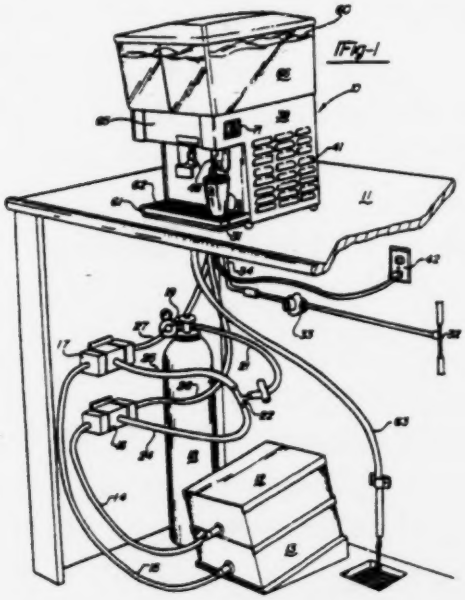
On June 7, 2002, a divided panel of the Court of Appeals for the Federal Circuit reversed and remanded a jury verdict of invalidity of the '405 patent. The Federal Circuit held, inter alia, that "substantial evidence does not support the jury's verdict that the claims at issue are invalid as having been in prior public use" (App.17), applying its interpretation of the "clear and convincing" evidentiary burden.

The claimed invention of the '405 patent relates to placing clear fluid-filled bowls containing a stable colored liquid which is resistant to organic growth and which simulates the appearance of a dispensed beverage on top of a beverage dispensing device to give the visual impression that the fluid in the bowls is the drink being dispensed. In reality, dispensed drink is delivered to the dispensing device from a remote location, and not the fluid-filled bowl.

The Federal Circuit in its 1999 opinion provided a description of the invention claimed in the '405 patent using the terms used in the industry to describe the types of dispensers, explaining it to be "a post-mix beverage dispenser that is designed to look like a pre-mix beverage

dispenser.[1] *Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 1365, 51 U.S.P.Q.2d 1700 (Fed. Cir. 1999).

A copy of Figure 1 of the '405 patent is set forth below:



At trial before the District Court for the Central District of California, the jury was first asked to consider the issue of infringement on the assumption the patent was valid. The jury determined that the drink dispensers at issue used by Orange Bang infringed claims 6 and 9 of the '405 patent. However, when asked to consider the issue

[1] A "'post-mix' beverage dispenser stores beverage syrup concentrate and water in separate locations until the beverage is ready to be dispensed." *Juicy Whip*, 185 F.3d at 1365. "The syrup and water are mixed together immediately before the beverage is dispensed, which is usually after the consumer requests the beverage. In contrast, in a 'pre-mix' beverage dispenser, the syrup concentrate and water are pre-mixed and the beverage is stored in a display reservoir bowl until it is ready to be dispensed." *Id.*

of validity, the jury found the '405 patent to be invalid and unenforceable based upon the prior public creation and use of the claimed invention more than one year before an application for the patent was filed, and because the named inventors committed inequitable conduct in procuring the '405 patent.

In finding the '405 patent invalid based on prior public use, the jury heard the testimony of six witnesses who testified about two different prior art dispenser designs created by defendant David Fox, both of which were commercially used more than one year prior to the filing of the application for the '405 patent. The testimony was that Fox created the first prior art dispenser design in 1983 by retrofitting a number of pre-mix dispensers. He removed the dispensing valve from each pre-mix dispenser and replaced it with a post-mix dispenser valve. (*See* App. 35-36). The modified dispenser perforce looked virtually identical to a standard pre-mix dispenser because its outward appearance did not change in the retrofitting process.

Dispensers employing this design were sent to two Orange Bang distributors, one in Texas and one in New York. The Texas device was observed at Orange Bang distributor's premises by a beverage dispenser salesman for a rival dispenser company, an individual named Patrick Goff. Mr. Goff had no business relationship – or indeed any relationship – to Fox, and his deposition testimony about the dispenser was read to the jury at trial. (*See* Trial Transcript dated November 20, 2000, pages 647-683). A second of these modified dispensers was placed in commercial use at a concession stand in the Staten Island Zoo in New York City, and the jury heard the testimony of the proprietor, Frank Cretella about that use.

(*See* Trial Transcript dated December 1, 2000, pages 780 - 787).

The testimonial evidence about these 1983 dispensers was corroborated by a sketch of the modified dispenser which Messrs. Goff and Cretella each made at their depositions years before trial at the outset of the litigation. (Trial Exhibits 272 and 274) The sketches are remarkably similar even though the witnesses did not know each other. The Federal Circuit dismissed the evidentiary significance of these sketches, stating that they were "no more reliable than the oral testimony accompanying the drawings" since they were not created contemporaneously with the inventive process. (App.28) Nevertheless the sketches were drawn by witnesses who were unknown to each other (and lived half a continent apart), and are detailed, for example, illustrating a unique locking mechanism used by Mr. Fox to assure that no one would inadvertently have access to the liquid contents – which were not suitable for ingestion. The jury was entitled to – and apparently did – consider these factors in reaching its verdict of invalidity.

There was also substantial, clear and convincing evidence introduced at trial that Mr. Fox later created a second species of his earlier dispensers when in 1988 he designed fluid-tight plastic bowls (specially constructed for this purpose), filled them with a colored liquid resistant to organic growth and placed them on top of existing post-mix dispensing units which previously had no bowls used in association with them. These bowls were fitted on dispensers at the famous Boathouse Restaurant in Central Park, New York. The testimony by the owner of the restaurant (and the drawing he provided at his deposition which was marked as trial exhibit 272) established that

use more than one year prior to the effective filing date of the '405 patent. (Trial Transcript dated December 1, 2000, pages 787 - 793) Moreover, near identical versions of the 1988 devices were the very dispensers found by the jury to "infringe" the '405 patent (assuming the patent valid).

Additional testimonial evidence about this 1988 device was also given by Mr. John Massaro, the owner of the company that fabricated the bowls. (*See* Trial Transcript dated November 30, 2000, pages 725 - 730). Mr. Massaro's testimony was corroborated by a purchase order for the manufacture of the clear bowls which contained a written reference to a commitment by him that the bowls would not leak, and also contained a hand sketch of the bowls on the purchase order. The persuasiveness of the corroborating purchase order was held by the Federal Circuit to be of minor import because it supposedly only corroborated the testimony that Orange Bang purchased clear bowls and did not establish "that the bowls, even if placed upon a post-mix dispenser, created the visual impression that the bowl was the reservoir and principal source from which a serving of the beverage was dispensed" – an element of the claimed invention. (App.28) However, the trial testimony established that the bowls referenced in the purchase order are near identical (except for being made by another source – since the witness testified he had to close his business) to the bowls used on the accused device which Juicy Whip relied upon to establish infringement.[2] Since

[2] Mr. Massaro testified that the bowls made for the actual production of the accused dispenser were of the same geometric shape and size as the bowls he manufactured in 1988 for the prior art device. (*See* Trial Transcript dated November 30, 2000, page 732).

(Continued on following page)

the bowls were used in a manner sufficient to establish infringement, they were necessarily used in a manner sufficient to establish invalidating anticipation.[3]

A divided panel of the Federal Circuit nevertheless found the testimony and corroborating evidence insufficient as a matter of law to meet the "clear and convincing" standard and reversed the jury's verdict of invalidity. Chief Judge Mayer dissented, stating in part:

> While the six witnesses presented by Orange Bang may have been interested in the outcome to varying degrees, the level of interest is only one of eight factors set out in *In re Reuter*, 670 F.2d 1015, 1021 & n.9, 210 USPQ 249, 255 & n.9 (CCPA 1981), testimony as to all of which was before the jury. This is not a case like *Finnigan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354, 51 USPQ2d 1001 (Fed. Cir. 1999), where only one witness testified, or *Washburn & Moen Mfg. Co. v. Beat 'Em All Barbed-Wire Co.*, 143 U.S. 275 (1892), where, while 24 witnesses testified, the invention at issue was a subtle improvement over the prior art that would be easily missed by anyone other than a keen observer skilled in the

---

The bowl from Trial Exhibit 304 (one of Orange Bang's accused dispensers) is one of the bowls found by the jury to have infringed the '405 patent. If the jury found the bowls from Exhibit 304, when used with defendant's post-mix dispensers to have infringed, so too should their finding that a bowl of the same geometric shape and size manufactured in 1988 could have anticipated the '405 patent when used in conjunction with defendant's post-mix dispensers.

[3] A purchase order book containing a purchase order dated April 26, 1988 (P.O. No. 9486) was marked as evidence of the date of Mr. Massaro's earliest documented work on the plastic bowls. (Trial Exhibit 280) This particular purchase order is annexed at App.63.

> art. At issue here was a drink dispenser, whose claimed elements were easily discernible. Moreover, the witnesses who testified were experienced in the industry and understood the state of the art at the time that Fox retrofitted the Starline dispenser. The jury was aware of all of the detracting factors that might call into question their testimony and it still found the patent invalid. To decide on appeal, without having seen the witnesses, that the testimony was insufficient as a matter of law is a distortion of our role in the judicial process.

(App.37)

REASONS FOR GRANTING THE WRIT

This petition seeks certiorari for a determination as to the proper meaning about the "clear and convincing" burden required to establish invalidity of patents under 35 U.S.C. § 102(b) which the Federal Circuit has in effect raised to a level exceeding "beyond a reasonable doubt." Notwithstanding the heightened burden imposed upon challengers to patent validity, it was never intended to be more stringent than the burden of proof in criminal cases – or that the sufficiency for "clear and convincing" evidence in a circuit that only hears civil matters should be significantly more rigorous than in the other circuits which decide both civil and criminal matters.

In the 110 years since the issue was addressed by this Court in *Washburn & Moen Mfg. Co. v. Beat 'Em All Barbed-Wire Co.*, 143 U.S. 275, 12 S.Ct. 443 (1892) (often referred to as *The Barbed-Wire Patent Case*), a body of cases has arisen about the sufficiency of evidence needed

to sustain an invalidity verdict based on prior public use. By and large, a balanced rule of reason was applied to the "clear and convincing" evidentiary burden. Recently, however, the Federal Circuit decisions have come to interpret the requirement of corroboration of an alleged prior inventor's testimony as a virtual *per se* requirement for *written* corroboration, although there is no such requirement in the *Barbed-Wire Patent Case* or any other decision of this Court, and as well even verdicts based on concededly credible third party witness testimony accepted by juries have been set aside as insufficient as a matter of law.

The disturbing result is that now to invalidate a patent, a prior inventor has to do more than convince a properly instructed jury; he or she must now provide more proof than is required to convict someone of a crime. In essence, the Federal Circuit has reshaped the burden of proof required to establish prior use from the clear and convincing standard into one of beyond a reasonable doubt – and to this extent has placed itself in conflict with all the rest of the circuits who address both civil and criminal cases and must deal with these distinctions.

For the foregoing reason, it is respectfully requested that this honorable Court grant this Petition for Certiorari.

I. THE FEDERAL CIRCUIT'S DECISION CONFLICTS WITH THE PRIOR DECISION OF THIS COURT

A. The Evolution of the Clear and Convincing Burden of Proof to Establish Prior Use.

In the *Barbed-Wire Patent Case*, the Court indicated that testimony used to invalidate a patent is viewed with suspicion, and petitioners take no issue with that proposition. The Court held that proof of invalidity had to be "clear, satisfactory and beyond a reasonable doubt," *Washburn & Moen Manufacturing Co.*, 143 U.S. at 284, 12 S.Ct. at 447, which has since been understood to equate to the "clear and convincing" standard. *See Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 60, 43 S.Ct. 322 (1923) ("[E]vidence to prove prior discovery must be clear and satisfactory"); *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1373, 47 U.S.P.Q.2d 1363, 1368 (Fed. Cir. 1998).

Given the difference between criminal and civil matters, it has long been recognized that the clear and convincing burden of proof, albeit significant, is a lesser burden than the beyond a reasonable doubt standard appropriate in criminal cases. *See Addington v. Texas*, 441 U.S. 418, 99 S.Ct. 1804 (1979).[4]

---

[4] In *Addington*, the Court explained that the three standards of proof range from the "preponderance of the evidence" standard "at one end of the spectrum" which is employed in most civil cases, to the "intermediate" standard of "clear and convincing" reserved to protect particularly important interests in a limited number of civil cases, to the requirement that guilt be proven "beyond a reasonable doubt" in a criminal prosecution. *Addington*, 441 U.S. at 423-424, 99 S.Ct. at 1808.

(Continued on following page)

The Court, in the *Barbed-Wire Patent Case* notably did not impose a requirement for written corroboration, nor did the Court hold that oral testimony cannot satisfy the standard of proof – although recent decisions by the Federal Circuit have so held.

After its creation and in response to the *Barbed-Wire Patent Case* the Federal Circuit at least initially determined the adequacy of corroboration using a flexible "rule of reason" analysis. *See Coleman v. Dines*, 754 F.2d 353, 360, 224 U.S.P.Q. 857, 862 (Fed. Cir. 1985); *see also Reese v. Hurst*, 661 F.2d 1222, 1225, 211 U.S.P.Q. 936, 937 (C.C.P.A. 1981) ("In recent years, this court, by adopting a "rule of reason," has eased the requirement of corroboration with respect to the evidence necessary to establish the credibility of the inventor"); *Cooper v. Goldfarb*, 154 F.3d 1321, 1330, 47 U.S.P.Q.2d 1896, 1903 (Fed. Cir. 1988) ("[An] actual reduction to practice does not require corroboration for every factual issue contested by the parties"). However, more recently that flexible rule of reason analysis has been transformed into the inflexible rule that written corroboration is needed for virtually every element of a claimed prior art use to meet the supposedly "clear

---

The Court has held that the "clear and convincing" standard is the appropriate standard of proof in particular civil cases and indeed even the Federal Circuit has recognized that the Court has *never* required that the "beyond a reasonable doubt standard" be applied in civil cases. *Price v. Symsek*, 988 F.2d 1187, 1191, 26 U.S.P.Q.2d 1031, 1034 (Fed. Cir. 1993) ("This unique standard of proof, not described in the Constitution, is regarded as a critical part of the moral force of the *criminal* law.") (emphasis added), citing, *In re Winship*, 397 U.S. 358, 364, 90 S.Ct. 1068, 1072-1073 (1970). The Court has explicitly stated that the standard should not be applied too broadly or casually in noncriminal cases. *Addington*, 441 U.S. at 428, 99 S.Ct. at 1810.

and convincing" standard needed to invalidate a patent. *Finnigan Corp. v. Int'l Trade Com'n*, 180 F.3d 1354, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999). As a consequence, the burden of proof requirement now exceeds that of the criminal standard.

B. Uncorroborated Oral Testimony Can Satisfy the Beyond a Reasonable Doubt Burden of Proof.

In criminal cases, oral testimony, without more, has been held sufficient to meet the beyond a reasonable doubt burden. For example, in *United States v. Tam*, 240 F.3d 797 (9th Cir. 2001), the testimony of the defendant Giang's five accomplices in an automobile insurance fraud scheme who had incentive to testify (pleading to lesser charges in exchange for their testimony) was sufficient to establish guilt beyond a reasonable doubt. Giang appealed, arguing that the evidence was insufficient to comport to due process requirements. The Ninth Circuit upheld the conviction stating that the jury was aware of the witnesses' involvement in the scheme as well as their potential biases when it made its credibility finding, the testimony was not incredible, and there was some evidence which corroborated some aspect of the witnesses' testimony. The Ninth Circuit stated that "absent facial incredibility, it is not our role to question the jury's assessment of witness credibility." *Id.* at 806. That court further held that a conviction may be based on the *uncorroborated* testimony of a single accomplice, so long as it has not reached "a point when the witness' qualifications are so shoddy that a verdict of acquittal should have been directed." *Id.*, citing *Lyda v. United States*, 321 F.2d 788, 795 (9th Cir. 1963).

Many other circuit courts have found that a criminal conviction can rest solely upon the uncorroborated testimony of an accomplice, unless the accomplice's testimony is incredible as a matter of law. *United States v. Gadison*, 8 F.3d 186, 190 (5th Cir. 1993); *United States v. Spears*, 49 F.3d 1136, 1140 (6th Cir. 1995), quoting, *United States v. Gallo*, 763 F.2d 1504, 1518 (6th Cir. 1986), *cert. denied sub nom. Graewe v. United States*, 474 U.S. 1069, 106 S.Ct. 828 (1986); *United States v. Dunigan*, 884 F.2d 1010, 1013 (7th Cir. 1989). To be incredible as a matter of law, a witness' testimony must be unbelievable on its face. In other words, it must have been either physically impossible for the witness to observe that which he or she claimed occurred, or impossible under the laws of nature for the occurrence to have taken place at all. *Dunigan*, 884 F.2d at 1013.

In contradiction, the Federal Circuit, which by its special charter does not hear and thus has no occasion to balance interests of constitutional due process and evidentiary burdens in criminal cases, has mandated an evidentiary burden in civil patent matters which exceeds criminal matter standards of proof. Thus, where in other circuits uncorroborated oral testimony of an "interested" witness is sufficient to satisfy the threshold requirement for establishing facts beyond a reasonable doubt, it is insufficient to meet the supposedly less rigorous clear and convincing civil standard now being applied by the Federal Circuit. *See Finnigan Corp. v. Int'l Trade Com'n*, 180 F.3d 1354, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999); *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 47 U.S.P.Q.2d 1363 (Fed. Cir. 1998); *Oney v. Ratliff*, 182 F.3d 893, 896, 51 U.S.P.Q.2d 1697, 1700 (Fed. Cir. 1999). In essence, the Federal Circuit has rewritten the standards of what is

incredible as a matter of law and is out of step with its sister circuits.

C. The Court Below Applied a More Stringent Standard Than "Clear and Convincing" in Assessing the Sufficiency of the Evidence of Invalidity.

Six witnesses, many of whose alleged "interest" in the outcome of the action was marginal at best – and all of which was disclosed to the jury – testified about Mr. Fox's 1983 and 1988 activities. There was corroborating documentary evidence in the form of a purchase order, authenticated by its recipient. Indeed, the Federal Circuit specifically found that it did "not conclude that the witnesses below were not credible." (App.28-29) Rather, the issue was the sufficiency of the credible testimony and held that "the evidence of record did not provide the clear and convincing evidence necessary to invalidate the patent for prior public knowledge." (App.29)[5]

---

[5] Under prior precedent of the court below, the "clear and convincing" standard has been described as follows:

> A requirement of proof by clear and convincing evidence imposes a heavier burden upon a litigant than that imposed by requiring proof by preponderant evidence but a somewhat lighter burden than that imposed by requiring proof beyond a reasonable doubt. 'Clear and convincing' evidence has been described as evidence which produces in the mind of the trier of fact an abiding conviction that the truth of a factual contention is 'highly probable.'

Am-Pro Protective Agency, Inc. v. United States, 281 F.3d 1234, 1239-40 (Fed. Cir. 2002) (citing *Price v. Symsek*, 988 F.2d 1187, 1191, 26 U.S.P.Q.2d 1031, 1034 (Fed. Cir. 1993)).

Application of the principles established by the Federal Circuit leads to the anomalous result illustrated in the following hypothetical example:

JW obtains a patent for a beverage dispenser device. Accused infringer OB has been making, using and selling the patented device for many years before the filing of the patent, but JW doesn't know about the usages. The main customer of OB for its earlier devices is witness W. Infuriated by what it believes to be the infringement of its patent, JW sets fire to OB's warehouse knowing that OB is in the building, and OB is killed in the ensuing blaze. At the trial of JW for arson and murder, the prosecution offers the uncorroborated testimony of W, who testifies that he saw JW setting fire to OB's warehouse. W is freely cross-examined, including as to any biases he had (he had prior unsatisfactory business dealings with JW). Even if W's testimony was the only evidence offered by the prosecution, it could, as a matter of law, support a jury verdict against JW under the "beyond a reasonable doubt" standard. However, if witness W, in the civil lawsuit filed by the patent owner JW against OB, testified to his prior purchases of OB's beverage devices, that testimony would be insufficient as a matter of law to establish the affirmative defense of patent invalidity and OB (or his estate) would be liable for damages to JW for patent infringement.

Here *five* witnesses, in addition to Mr. Fox, testified about their personal knowledge that Mr. Fox made and sold the prior devices. Had they testified that he had committed a crime and the jury found the testimony credible, he would have been convicted and the conviction upheld on appeal. However, the same witnesses, having testified that in essence Mr. Fox was wrongfully accused of

infringement because he was only continuing to do that which he had done years before the patent was applied for – and the jury having believed the witnesses – and the trial judge having, as well, found them credible (in denying the JMOL motion), have now been held to be legally incapable of providing sufficient exculpatory evidence of civil wrongdoing.

The five witnesses in this case are unquestionably less "interested" than those in *United States v. Tam*, 240 F.3d 797 (9th Cir. 2001). In *Tam*, the five witnesses were "accomplices." All had an "incentive" to testify against Giang on behalf of the government. The jury was aware in *Tam* and in this case of the witnesses' involvement with the defendant, as well as their potential biases. In both instances the juries found the witnesses' testimony to be credible. The difference in result can only be explained because the appellate court in *Tam*, having greater familiarity with the constitutional standards of due process in criminal cases, affirmed the jury's conviction and found the witnesses' testimony sufficient to meet the stringent beyond a reasonable doubt burden of proof, while the Federal Circuit which hears only civil matters held on near identical type of testimony and evidence that the civil clear and convincing burden was not met.

Notwithstanding the heightened burden imposed upon challenges to patent validity under 35 U.S.C. § 102(b), it was never intended to be more stringent than the burden in criminal cases – or that "clear and convincing" evidence in one circuit was intended to be significantly more rigorous than in other circuits.

Indeed the consistency of the definition of the clear and convincing burden is reflected by the numerous circuit

courts that have embraced one form or another of a widely used definition of clear and convincing evidence as "that weight of proof which 'produces *in the mind of the trier of fact* a firm belief or conviction as to the truth of the allegations sought to be established, evidence so clear, direct and weighty and convincing as to enable the fact finder to come to a clear conviction, without hesitancy, of the truth of the precise facts' of the case." *United States v. Barton*, 992 F.2d 66, 69, n.6 (5th Cir. 1993), quoting *In re Medrano*, 956 F.2d 101, 102 (5th Cir. 1992) (emphasis added) (quoting *Cruzan v. Director, Missouri Dept. of Health*, 497 U.S. 261, 285, n.11, 110 S.Ct. 2841, 2855, n.11 (1990)); *Cornell v. Nix*, 119 F.3d 1329, 1335 (8th Cir. 1997); *see Hobson v. Eaton*, 399 F.2d 781, 784, n.4 (6th Cir. 1968) ("Clear and convincing evidence is 'that measure of degree of proof which will produce *in the mind of the trier of facts* a firm belief or conviction as to the allegations sought to be established. It is intermediate, being more than a mere preponderance, but not to the extent of such certainty as is required beyond a reasonable doubt as in criminal cases. It does not mean clear and unequivocal." (emphasis added) (citation omitted)). Ultimately, the circuits correctly emphasized the deference and reliance to be placed upon the fact finder's (i.e., the jury's) function to assess the credibility of the witnesses and the evidence.

II. THE FEDERAL CIRCUIT'S OPINION DIRECTLY CONTRADICTS MANY OF ITS PRIOR DECISIONS

The Federal Circuit was created to establish uniformity in patent disputes. *See* 28 U.S.C. § 1295(a) (1984). However, as is apparent from the dissent and other cases in the circuit, considerable diversity of opinion exists

within this single circuit regarding the standards applicable in determining the sufficiency of evidence needed to satisfy the clear and convincing burden of proof to invalidate a patent. Indeed, a careful reading of its prior decisions in this area shows an ad hoc result-oriented approach rather than a faithful adherence to the "clear and convincing" standard. However, "[b]ecause the Federal Circuit has exclusive jurisdiction over appeals of all United States District Courts in patent litigation," the rules that it applies are "a matter of special importance to the entire Nation." *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89, 113 S.Ct. 1967, 1971 (1993). Certiorari is thus appropriate here not only to resolve inter-circuit conflicts but to resolve these intra-circuit conflicts as well. *See Dickinson v. Petroleum Conversion Corp.*, 338 U.S. 507, 508, 70 S.Ct. 322 (1950).

For example, in *Beachcombers, International, Inc. v. WildeWood Creative Products, Inc.*, 31 F.3d 1154, 31 U.S.P.Q.2d 1653, 1657 (Fed. Cir. 1994), the Federal Circuit affirmed the jury's finding of invalidity because of prior public use, noting that the "jury's factual findings in support of its conclusion are entitled to a deferential standard of review" – a standard not applied in this case. *Id.* at 1159, 31 U.S.P.Q.2d at 1657. The evidence in support of the invalidity finding in *Beachcombers* consisted only of: (1) the testimony by the developer of the prior art device that she had displayed it at a party more than a year before the application for the patent-in-suit; (2) an entry in the developer's date book concerning the date of the party; (3) the testimony of the developer's friend that she observed the device at the party and that "a lot of other guests were present at the time she observed the device";

and (4) the display at trial of the prior art device. *Id.* at 1159-60, 31 U.S.P.Q.2d at 1657.

On appeal, the patent holder asked the court to "discount this evidence on the basis it is insufficiently corroborated by documentary evidence, that [the developer] is not a disinterested witness, that it is inconsistent with [the developer's] testimony that she did not begin actively commercializing the device until 1986, that it is inconsistent with her deposition testimony, and that [the developer] has no independent recollection of the party." *Id.* at 1160, 31 U.S.P.Q.2d at 1657. The court correctly refused to do so and upheld the invalidation of the patent, holding that the developer's "oral testimony was adequately corroborated by physical evidence, i.e., the entry in her date book and the [device] itself, and, if accepted at face value, meets the clear and convincing standard required.... The jury chose to believe the evidence in spite of these purported deficiencies, which it was entitled to do as these factors all relate to [the developer's] and [the friend's] credibility. We have no warrant to override the jury's decision on the basis of these factors. That would usurp the prescribed function of the jury." *Id.*

Moreover, it should be noted that "prior invention" challenges usually occur in two quite different situations. In one, a party seeks to establish priority of invention and in so doing gain ownership of the invention for himself. In others, such as the case at bar, a party is merely seeking to defend himself against a false accusation of infringement. However, even in cases where ownership of the invention is being contested, earlier Federal Circuit decisions maintain a flexible posture on the issue of corroboration.

Thus, in *Thomson S.A. v. Quixote Corp.*, 166 F.3d 1172, 49 U.S.P.Q.2d 1530 (Fed. Cir.), *cert. denied,* 527 U.S. 1036, 119 S.Ct. 2395 (1999), the Federal Circuit noted that the "clear and convincing standard of proof required to establish priority, along with the numerous methods in the Federal Rules of Civil Procedure and Evidence by which a party may test, challenge, impeach, and rebut oral testimony, normally protects patentees from erroneous findings of invalidity" so "the corroboration rule is needed only to counterbalance the self-interest of a testifying inventor against the patentee." *Id.*, 49 U.S.P.Q.2d 1533. The requirement for corroboration recognized in *Thomson* is that which is ordinarily and customarily accepted – and that which, prior to its more recent decisions, the one that the Federal Circuit has applied. *See Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1461, 45 U.S.P.Q.2d 1545, 1551 (Fed. Cir. 1998) (court below held that corroborating evidence may take numerous forms: contemporaneous documents taken by an inventor may serve to corroborate his testimony, circumstantial evidence about the inventive process may also corroborate, or oral testimony of someone other than the alleged inventor may serve to corroborate).

These cases are consistent with the application of the "clear and convincing" standard in other circuits. However, some of the Federal Circuit's other recent cases, including this case, show a marked departure from that standard.

For example, in *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 47 U.S.P.Q.2d 1363 (Fed. Cir. 1998), in the same year it decided *Ethicon supra*, the court announced an iron-clad rule that "uncorroborated oral testimony, particularly that of interested persons recalling long-past events, does not, of itself, provide the clear and convincing evidence required to invalidate a patent" on the

ground of prior public use. *Id.* at 1369, 47 U.S.P.Q.2d at 1364. In *Woodland Trust*, four witnesses testified about two anticipating prior inventions. The witnesses were (1) one of the prior art inventors, Burke; (2) Mark Hawkins, who was the son of the other prior art inventor, William Hawkins; (3) an individual who had worked for Burke; and (4) a "life-long friend" of William Hawkins. *Id.*, 47 U.S.P.Q.2d at 1365. It does not appear from the opinion that any of the four witnesses was in any way financially interested in the outcome of the action. While conceding that "an appellate court is indeed in a poor position to assess credibility," the court nevertheless noted that "there is a very heavy burden to be met by one challenging validity when the only evidence is the oral testimony of interested persons and their friends, particularly as to long-past events." *Id.* at 1370, 47 U.S.P.Q.2d at 1366. The court thus overturned the district court's finding of invalidity, holding that with "the guidance of precedent, whose cautions stressed the frailty of memory of things long past and the temptation to remember facts favorable to the cause of one's relative or friend, we conclude that this oral evidence standing alone did not provide the clear and convincing evidence necessary to invalidate a patent on the ground of prior knowledge and use." *Id.* at 1373, 47 U.S.P.Q.2d at 1368; *see also Oney v. Ratliff*, 182 F.3d 893, 896, 51 U.S.P.Q.2d 1697, 1700 (Fed. Cir. 1999) (stating in dicta that the "uncorroborated oral testimony of Mr. Ratliff, as the inventor, and his close associates would be insufficient to prove invalidity").

As well, in *Finnigan Corp. v. Int'l Trade Com'n*, 180 F.3d 1354, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999), the court below imposed a categorical rule that "the need for corroboration exists regardless whether the party testifying

concerning the invalidating activity is interested in the outcome of the litigation (*e.g.*, because that party is the accused infringer) or is uninterested but testifying on behalf of an interested party." *Id.* at 1367, 51 U.S.P.Q.2d at 1011. In *Finnigan,* the evidence supporting the prior use consisted of the testimony of a disinterested, non-party inventor and a previously published article by the same individual that disclosed all but one element of the claimed invention. The court disregarded the article because it did not completely anticipate the claimed invention, and held flatly that "corroboration is required of any witness whose testimony alone is asserted to invalidate a patent, regardless of his or her level of interest." *Id.* at 1369, 51 U.S.P.Q.2d 1012.

The unprecedented rule announced in *Finnigan* is unsupported by any reported decision of this Court or any other court. The Federal Circuit attempted to reconcile *Thomson* and *Finnigan* by claiming in *Finnigan* that *Thomson* was really an opinion about the sufficiency of corroborating evidence, rather than the actual requirement for corroboration because there was other evidence in *Thomson* of the prior invention by a non-party. *See id.* at 1368-1369, 51 U.S.P.Q.2d at 1011. Thus the *Finnigan* court sought to distinguish *Thomson* by characterizing its holding to be that in evaluating the sufficiency of corroborating testimony of a claimed prior inventor, *lack of interest* is a relevant factor. This interpretation cannot be squared with the language of the *Thomson* opinion. This analysis ignores the fact that the *Thomson* court explicitly assumed that for purposes of the appeal, the jury relied exclusively on the testimony of the claimed prior inventors in finding invalidity. *Thomson*, 166 F.3d at 1174-1175, 49 U.S.P.Q.2d at 1531. Thus, *Thomson* was concerned with

the sole question of whether non-party witness testimony, standing alone, must be corroborated. Hence, *Thomson* and *Finnigan* are truly irreconcilable.

What has emerged is a migration from a reasoned analysis of the sufficiency of evidence necessary to meet the "clear and convincing" standard as applied in other circuits, to the imposition of categorical, inflexible rules that are inconsistent with and far more restrictive than that standard. That departure has reached its culmination in this case. The court usurped the role of the jury, and the majority substituted its own crabbed judgment that the testimony of six witnesses whose credibility was assumed; whose interest in the outcome, if any, was fully disclosed to the jury; and whose testimony was supported by some documentary evidence, was nevertheless insufficient as a matter of law to meet the now unduly restrictive notion of what constitutes "clear and convincing" evidence.

While "[i]t is not customary for this Court to review the sufficiency of the evidence, [the Court] will do so when the issue is properly before [the Court] and the benefits of providing guidance concerning the proper application of a legal standard and avoiding the systemic costs associated with further proceedings justify the required expenditure of judicial resources." *Brooke Group Ltd. v. Brown & Williamson Tobacco Corp.*, 509 U.S. 209, 230, 113 S.Ct. 2578, 2591-2592 (1993). This is just such a case.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

JEFFREY A. SCHWAB
Counsel of Record
ANTHONY A. COPPOLA
RICHARD L. CRISONA
ABELMAN FRAYNE & SCHWAB
150 East 42nd Street
New York, New York 10017
(212) 949-9022

United States Court of Appeals
for the Federal Circuit

01-1263, -1317

JUICY WHIP, INC.,

Plaintiff-Appellant,

v.

ORANGE BANG, INC., UNIQUE BEVERAGE DISPENSERS, INC., DAVID FOX, and BRUCE BURWICK,

Defendants-Appellees.

Ernie L. Brooks, Brooks & Kushman, P.C., of Southfield, Michigan, argued for plaintiff-appellant. With him on the brief were *Frank A. Angileri* and *William G. Abbatt*.

Jeffrey A. Schwab, Abelman, Frayne & Schwab, of New York, New York, argued for defendants-appellees. With him on the brief were *Anthony A. Coppola* and *Richard L. Crisona*.

Appealed from: United States District Court for the Central District of California

Judge Audrey B. Collins

DECIDED: June 7, 2002

Before MAYER, *Chief Judge*, LOURIE and LINN, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* LINN. Dissenting opinion filed by *Chief Judge* MAYER.

LINN, *Circuit Judge*.

Juicy Whip, Inc. ("Juicy Whip") appeals from a final judgment of invalidity and unenforceability of its U.S. Patent No. 5,575,405 ("the '405 patent"), entered by the United States District Court for the Central District of California on January 18, 2001, in favor of the defendants (collectively, "Orange Bang"). *Juicy Whip, Inc. v. Orange Bang, Inc.*, No. 96-08148 ABC (RNBx) (C.D. Cal. Feb. 21, 2001). We conclude that substantial evidence does not support the jury's verdict that the claims at issue are invalid as having been in prior public use. We also conclude that the record does not support the inequitable conduct ruling. Accordingly, we reverse and remand.

I. BACKGROUND

A. The Invention

The '405 patent is entitled "Post-Mix Beverage Dispenser With an Associated Simulated Display of Beverage." Figure 1 of the patent depicts a beverage dispenser embodying the claimed invention, showing the countertop display bowl with its auxiliary equipment located below the counter and concealed from public view.

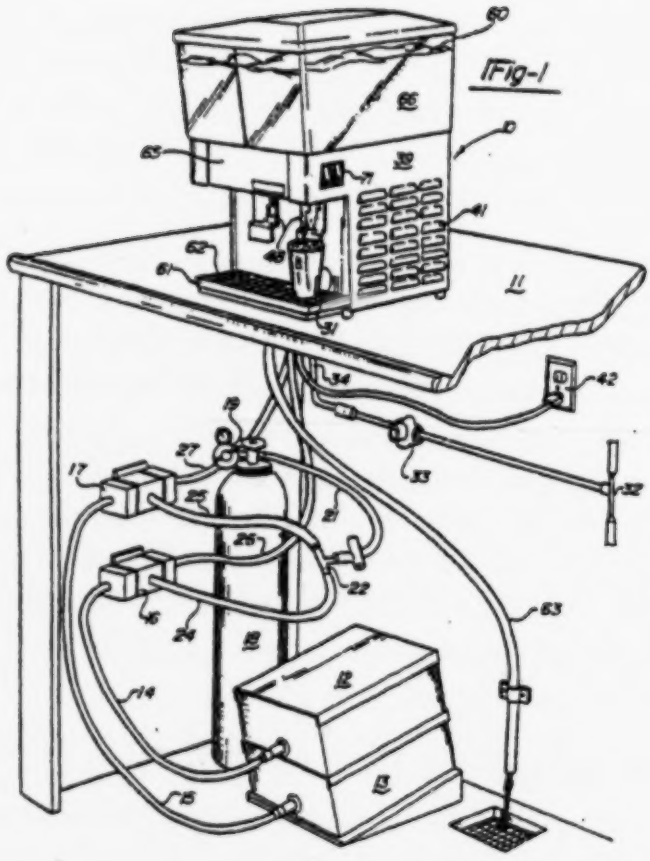


Fig. 1

As set forth in more detail in a previous appeal involving this suit, a "post-mix" beverage dispenser stores beverage syrup concentrate and water in separate locations until the beverage is ready to be dispensed. *See Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 1365, 51 USPQ2d 1700, 1701 (Fed. Cir. 1999) ("*Juicy Whip I*"). The syrup and water are mixed together immediately before the beverage is dispensed, which is usually after the consumer requests the beverage. In contrast, in a "pre-mix" beverage dispenser, the syrup concentrate and water are pre-mixed and the beverage is stored in a display

reservoir bowl until it is ready to be dispensed. The display bowl is said to stimulate impulse buying by providing the consumer with a visual beverage display. A pre-mix display bowl, however, has a limited capacity and is subject to contamination by bacteria. It therefore must be refilled and cleaned frequently.

The invention claimed in the '405 patent is a post-mix beverage dispenser that is designed to look like a pre-mix beverage dispenser. The claims require the post-mix dispenser to have a transparent bowl that is filled with a fluid that simulates the appearance of the dispensed beverage and is resistant to bacterial growth. The claims also require that the dispenser create the visual impression that the bowl is the principal source of the dispensed beverage, although in fact the beverage is mixed immediately before it is dispensed, as in conventional post-mix dispensers.

The two claims at issue, claims 6 and 9, provide:

> 6. A method for inducing sales of a beverage to be dispensed from the outlet of a post-mix beverage dispenser, said method comprising the steps of:
>
> positioning a transparent display bowl relative to the dispenser outlet to create the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed;
>
> selecting a display fluid for said bowl which resists formation of organic growth and simulates the appearance of the dispensed beverage; and

visibly storing, without dispensing, a quantity of said fluid in said bowl to create the visual impression that multiple servings of the dispensed beverage are stored in said bowl for issuance from the outlet.

9. A beverage dispensing apparatus comprising:

a post-mix dispenser having a dispensing outlet for discharging beverage components in predetermined proportions to provide a serving of dispensed beverage; and

a transparent display container having no fluid connection with said outlet and visibly containing a quantity of fluid which simulates the appearance of said dispensed beverage, said fluid being resistant to organic growth;

said container being positioned relative to said outlet to create the visual impression that said container is the reservoir and principal source of said dispensed beverage issuing from said outlet; and

said container and said quantity of fluid visible within said container cooperating to create the visual impression that multiple servings of said dispensed beverage are stored within said container.

'405 patent, col. 12, ll. 49-63; col. 13, l.1 – col. 14, l. 2.

B. The Prosecution History

The first of five applications leading to the '405 patent was filed at the United States Patent and Trademark Office ("PTO") on September 1, 1989. Throughout the prosecution history, the examiner rejected the invention as

obvious over the prior art. To overcome these rejections, the inventors, Peter K. Stratton and Gus J. Stratton, submitted, among other things, declarations from participants in the beverage industry directed toward the novelty, commercial success, and long-felt need of the patented invention. Among the declarations were one from Greg Boulahanis, a former employee of an Orange Bang distributor owned by the Strattons, and another from Joe W. Bowers, Jr., a former Coca-Cola Company employee who later joined Juicy Whip. Those two declarations became part of the focus of Orange Bang's inequitable conduct defense.

1. The Greg Boulahanis Declaration

The Boulahanis declaration was first submitted on October 31, 1990, as one of three declarations directed to the advantages of the patented invention and the problems with the prior art. The Boulahanis declaration states that he "worked for a distributor of Orange Bang" and was responsible for servicing, maintaining, and repairing pre-mix dispensers. He explained his experiences and the difficulties of cleaning and maintaining pre-mix dispensers. Specifically, he noted that some retailers were reluctant to clean the bowls thoroughly, and those who did often damaged the machines while cleaning them. He then described how he unsuccessfully tried to solve the problems associated with the pre-mix dispensers. He concluded by saying that no one in the industry solved those problems until Juicy Whip introduced its post-mix Tower Max II dispenser to the market.

After the submission of the declaration to the PTO, the examiner responded:

> [t]he declaration of Greg Boulahanis has been considered. The declaration states affiant was an employee of a competitor of the company owning the rights to the instant invention. Affiant alleges the existing technology required the disadvantage of cleaning and, although attempted, could not be overcome in a manner acceptable to the industry until the appearance of the instant invention on the market which rendered unnecessary such cleaning and dis-assembly. Affiant fails to show a nexus between the problems of prior art dispensers and the emergence of the instant invention into the market, thus the declaration lacks probative value.

The examiner understood that Boulahanis was "an employee of a competitor of the company owning the rights to the instant invention." Boulahanis actually worked for a company called Omega Beverage, a company owned by the Strattons before they founded Juicy Whip. Omega Beverage was an Orange Bang distributor at the time that Boulahanis worked there. Thus, Boulahanis's statement that he "worked for a distributor of Orange Bang" was true. Despite the submission of the Boulahanis declaration, the examiner continued to reject the Strattons' claims as obvious over the prior art. The Strattons re-submitted the Boulahanis declaration two more times during the prosecution of the applications leading to the '405 patent, once on February 29, 1991, and again on May 2, 1995. Both times, they did not correct the examiner's apparent misunderstanding of the competitive posture of Boulahanis's employer.

2. The Joe Bowers Declaration

The Bowers declaration was submitted to the PTO in December 1994. At that time, Bowers was an employee of

Coca-Cola USA (all Coca-Cola entities are herein referred to as "Coca-Cola"). Prior to Bowers' declaration, Coca-Cola and Juicy Whip had entered into an agreement setting forth the terms and conditions of the purchase by Coca-Cola of 10,000 Juicy Whip machines over a five-year period. The agreement was subject to termination if Juicy Whip abandoned the pending patent application.

The Bowers declaration states that in his capacity as the Manager of the Innovation Center with Coca-Cola, he read about Juicy Whip's new Tower Max dispenser, investigated the product, and arranged for the installation of fifty machines to be serviced by Coca-Cola. Bowers described the problems of the prior art machines and the difficulties associated with cleaning them. Bowers praised the Juicy Whip product, saying that the "Tower Max dispenser provided an important advance in fountain dispensing technology that would render conventional premix storage display dispensers or bubblers obsolete." The declaration concludes by noting, "it would be absurd for any retailer of fountain beverages not to use the [Juicy Whip dispenser] in preference to any Bubbler now available."

After the Bowers declaration was filed, Coca-Cola, despite its earlier business relationship with Juicy Whip, filed a protest before the PTO under 37 C.F.R. § 1.291(a) against the issuance of the '405 patent. In that protest, Coca-Cola argued that some statements in the Bowers declaration were not true and that the invention was obvious. For example, while Bowers stated in his declaration that the Juicy Whip dispenser "solved the display bowl cleaning problem that had confronted Coca-Cola for more than 10 years," the protest contained a declaration from Coca-Cola's Manager of Postmix Sales Equipment, who declared that Coca-Cola technical personnel had not

been asked to solve the cleaning problem, and if they had been, they would have solved it. The examiner rejected the Coca-Cola protest, noting that the Bowers declaration was given little weight. Furthermore, the examiner found that "[d]espite [Coca-Cola's] contention that the commercial success in the Bowers, Jr. declaration is untrue, the body of evidence in the file history of this application, and [Coca-Cola's] own comments acknowledging commercial success ... demonstrate commercial success which weighed in the patentability decision. . . . " The '405 patent eventually issued on November 19, 1996.

C. Procedural History

The case was tried to a jury following a remand from this court. *Juicy Whip I,* 185 F.3d at 1365, 51 USPQ2d at 1701. At trial, Orange Bang presented evidence that the patented invention was in public use more than one year prior to the filing of the application that led to the '405 patent. Specifically, it contended that defendant Orange Bang's owner and co-defendant, David Fox, made and sold two different types of anticipatory beverage dispensers – one around 1983 ("the 1983 dispenser") and the other in 1988 ("the 1988 dispenser").

As to the 1983 dispenser, it was contended that Fox converted a pre-mix dispenser into a post-mix dispenser by removing the pre-mix nozzle, plugging the remaining hole, and installing a post-mix valve arrangement in the base of the pre-mix dispenser. It was further argued that the following year, Fox shipped two of the converted dispensers to two Orange Bang distributors – Roller Beverage in Houston, Texas, and Energy Beverage in New York City. Mr. Patrick Goff, a salesperson for Jet Spray, Inc., a beverage dispenser manufacturer, testified that sometime

between Spring 1983 and Summer 1984, he observed and operated a "retrofitted" beverage dispenser at the Houston distributorship. Defendant Bruce Burwick, co-owner of Unique Beverage with Fox and sole owner of Energy Beverage, testified that he placed the 1983 dispenser with a customer who was operating the food and beverage concession at the Staten Island Zoo in New York City. The customer, Mr. Frank Cretella, testified that he used what he called the "makeshift" or "conversion" beverage dispenser in April 1984, but stopped using it after one month because the beverage was not refrigerated.

In addition to the evidence concerning the 1983 dispenser, Orange Bang presented evidence to suggest that, in 1988, Fox created another anticipatory device. Instead of taking a pre-mix dispenser and converting it to a post-mix dispenser, the 1988 dispenser was a post-mix dispenser with a clear bowl placed on top of it. It was argued that Orange Bang purchased these bowls from a Mr. John Massaro, the senior salesperson at an Orange Bang supplier. Massaro testified that he first sold acrylic bowls to Orange Bang in late 1987 or 1988. Fox allegedly shipped some of these 1988 dispensers to Burwick at the New York City distributor, Energy Beverage, who in turn placed the units with Cretella. Cretella, at that time, operated the Boathouse Restaurant in New York City. Cretella testified that he used the "modified tower" dispenser from May 1988 through the July 4th weekend of that year. Cretella had the dispenser removed after the bowl leaked all over his countertop.

Orange Bang further presented the testimony of another witness, Mr. Richard Stein, Orange Bang's operations manager. Stein testified that in 1984, he saw Fox in the Orange Bang service department with a post-mix

dispenser base connected to a pre-mix dispenser. Stein further testified that in Spring of 1988, he and Fox met with Massaro to discuss the bowls to be used for the 1988 dispensers.

In total, six witnesses testified that they either saw or used the allegedly anticipatory beverage dispensers. The evidence also included sketches of the 1983 dispenser drawn by Goff and Cretella during their depositions for this case and a purchase order for the acrylic bowls used in the 1988 dispenser.

With regard to inequitable conduct, Orange Bang focused on the Bowers and Boulahanis declarations and on a March 11, 1988 letter drafted by Gus Stratton and addressed to the California Department of Health Services. The letter indicates that it is a follow-up to a phone conversation with a Department of Health Services employee regarding a "'Fountain' type beverage dispenser with a clear bowl display above." Stratton expressed a concern that the department would have an objection to the dispenser because of potential consumer confusion. The letter says that a disclaimer sticker will be placed on the bowl indicating that the liquid in the clear bowl is "for advertising purposes only" and includes a sketch of a dispenser. At trial, Juicy Whip produced the original letter, and Gus Stratton testified that he never mailed it. Stratton had testified at his deposition that he had mailed it, but he retracted that statement after remembering that the department called him to tell him that he should contact a different agency. Stratton never provided the PTO with a copy of the letter.

The district court submitted the issue of inequitable conduct to the jury, asking them the following questions:

> 7. Did defendants prove by clear and convincing evidence that the Strattons obtained the '405 patent by withholding material information from the Patent Office?
>
> 8. Did defendants prove by clear and convincing evidence that the Strattons withheld material information from the Patent Office with the intent to mislead the patent examiner?
>
> 9. If your answer to Question 7 is YES *and* your answer to Question 8 is YES, weighing all of the circumstances, did defendants prove by clear and convincing evidence that the Strattons engaged in inequitable conduct in the patent application process so that the patent should be invalidated?

In a special verdict, the jury answered each question in the affirmative. Following trial, Juicy Whip argued that the jury's decision was not binding, as it was an issue for the district court to decide. The district court concluded, based on the parties' representations in court and their submission of jury instructions on the issue, that the parties agreed to have the jury decide the inequitable conduct issue. The district judge noted that "the Court would not have instructed the jury on weighing or included Question 9 on the verdict form, if it had been the Court's intent to reserve the final decision on whether inequitable conduct justified invalidating the patent for itself." Because the district court believed that the jury's verdict was binding, it did not issue a separate decision on inequitable conduct.

The special verdict also included findings that: (1) claims 6 and 9 of the '405 patent are invalid under 35 U.S.C. § 102(b) based on prior public use; (2) defendants

Orange Bang, Inc. and Unique Beverage Dispensers, Inc. willfully infringed and induced infringement of claims 6 and 9 of the '405 patent; and (3) defendant owners David Fox and Bruce Burwick did not induce infringement of the claims. In response to motions for judgment as a matter of law ("JMOL") under Rule 50(a) of the Federal Rules of Civil Procedure or, alternatively, a new trial under Rule 59(b), the district court upheld the entire jury verdict.

Juicy Whip appeals the district court's denial of its motions for JMOL and for a new trial on the issues of invalidity based on prior public use and inequitable conduct, and the district court's awarding of costs to the defendant. Neither party appeals any of the infringement or willful infringement determinations. This court has jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

II. DISCUSSION

A. Standard of Review

In reviewing the district court's denial of a JMOL, we reapply the district court's JMOL standard anew. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 821, 23 USPQ2d 1426, 1431 (Fed. Cir. 1992), *abrogated on other grounds by Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 34 USPQ2d 1321 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996). A jury verdict on fact questions is reviewed to determine whether it is supported by substantial evidence. *Murray v. Laborers Union Local No. 324*, 55 F.3d 1445, 1452 (9th Cir. 1995).

"Substantial evidence is such relevant evidence from the record taken as a whole as might be accepted by a reasonable mind as adequate to support the finding under review." *Perkin-Elmer Corp. v. Computervision Corp.*, 732

F.2d 888, 893, 221 USPQ 669, 673 (Fed. Cir. 1984) (internal quotations omitted). "A finding of fact must stand unless appellant shows that on the entirety of the evidence of record, including that which detracts from the weight of the favorable evidence, and taking into account the required quantum of proof, no reasonable juror could have made the finding." *Read,* 970 F.2d at 821, 23 USPQ2d at 1431 (citations omitted). Because a patent is presumed valid, the quantum of proof required at trial was clear and convincing evidence. 35 U.S.C. § 282 (1994) ("A patent shall be presumed valid.").

Whether or not an invention was in public use within the meaning of section 102(b) is a question of law, which is based upon underlying issues of fact. *Manville Sales Corp. v. Paramount Sys., Inc.,* 917 F.2d 544, 549, 16 USPQ2d 1587, 1591 (Fed. Cir. 1990). Neither party disputes whether the alleged public use would amount to a public use as a matter of law. Therefore, to overturn the jury's finding of prior public use, Juicy Whip needed to show an absence of substantial evidence on the underlying facts supporting the jury's verdict.

With regard to inequitable conduct, "[t]here are a variety of ways in which the district court may choose to handle the issue of inequitable conduct during a jury trial." *Hebert v. Lisle Corp.,* 99 F.3d 1109, 1114, 40 USPQ2d 1611, 1614 (Fed. Cir. 1996) (citing *Modine Mfg. Co. v. Allen Group, Inc.,* 917 F.2d 538, 541, 16 USPQ2d 1622, 1624 (Fed. Cir. 1990)). Here, the district court submitted the issue of inequitable conduct to the jury. When an ultimate question of law or fact is decided by the jury, on review it is assumed that the jury resolved the evidentiary facts as appropriate to support the verdict. *Hebert,* 99 F.3d at 1114-15, 40 USPQ2d at 1614; *Newell*

Cos. v. Kenney Mfg. Co., 864 F.2d 757, 765, 9 USPQ2d 1417, 1423 (Fed. Cir. 1988) ("Judges must accept the factual findings, presumed from a favorable jury verdict, which are supported under the substantial evidence/reasonable juror standard.").

On appeal of the jury's verdict of unenforceability due to inequitable conduct, we ascertain whether the presumed factual findings of material withholding and deceptive intent were supported by substantial evidence at the trial. We determine whether there was substantial evidence whereby a reasonable jury could have reached its verdict on the entirety of the record and in light of correct instructions on the applicable law. *Sun Studs, Inc. v. ATA Equip. Leasing, Inc.*, 872 F.2d 978, 982, 10 USPQ2d 1338, 1341 (Fed. Cir. 1989). Thus, to sustain its motion for JMOL on its evidentiary challenge to the inequitable conduct issue, Juicy Whip needed to show an absence of substantial evidence supporting the jury's finding that Orange Bang had established unenforceability by clear and convincing evidence.

B. Prior Public Use

On appeal, Juicy Whip argues two different reasons in support of its position that the record is devoid of substantial evidence rising to the level of the clear and convincing evidence necessary to invalidate its patent based on prior public use under 35 U.S.C. § 102(b). First, it argues that the evidence does not establish that the alleged anticipatory dispensers included elements corresponding to all the limitations of the claims at issue. Second, it contends that the oral testimony provided by the six witnesses was uncorroborated, and thus does not rise to the clear and

convincing evidence necessary to establish a prior public knowledge or use. Orange Bang argues that the verdict is supported by substantial evidence and that its evidence of prior public use need not be completely corroborated by a writing.

A person shall not be entitled to a patent if "the invention was . . . in public use . . . more than one year prior to the date of the application for patent." 35 U.S.C. § 102(b) (1994). When the asserted basis of invalidity is prior public use, the party with the burden of proof must show that "the subject of the barring activity met each of the limitations of the claim, and thus was an embodiment of the claimed invention." *Scaltech Inc. v. Retec/Tetra, L.L.C.*, 178 F.3d 1378, 1383, 51 USPQ2d 1055, 1058 (Fed. Cir. 1999). Generally, oral testimony of prior public use must be corroborated in order to invalidate a patent. *See Finnigan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354, 1366-68, 51 USPQ2d 1001, 1010-11 (Fed. Cir. 1999).

Orange Bang did not present an element-by-element comparison between the 1983 and 1988 dispensers and the asserted claims. Moreover, the jury's verdict is not broken down by claim limitations. The verdict only indicated that "the asserted claims are invalid because the invention described in the claims of the '405 patent was in public use prior to September 1, 1988." This court is tasked with determining whether substantial evidence supports the jury's findings. Specifically, did Orange Bang present substantial evidence satisfying its clear and convincing burden of proof that it or its customers publicly practiced every limitation of method claim 6, and publicly used a dispenser with elements corresponding to each limitation of apparatus claim 9 more than a year before the filing date of the '405 patent?

Our review of the record shows a lack of substantial evidence supporting the jury's finding of invalidity under 35 U.S.C. § 102(b). We conclude that, on the record, no reasonable juror could have found that Orange Bang established – by clear and convincing evidence – that the 1983 and 1988 dispensers were complete embodiments of the claimed invention. Specifically, the record lacks substantial evidence regarding at least one limitation of each asserted claim. Claim 6 is directed to a "method for inducing sales of a beverage" comprising the step of "positioning a transparent display bowl relative to the dispenser outlet to create the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed." '405 patent, col. 12, ll. 53-56. Claim 9 requires that the dispenser be "positioned relative to said outlet to create the visual impression that said container is the reservoir and principal source of said dispensed beverage issuing from said outlet." '405 patent, col. 13, ll. 10-13. While the record contains testimony from several witnesses which, if believed by the jury, indicates that some of the claim limitations were found in the 1983 and 1988 dispensers, the record is devoid of evidence showing that the above limitations were found in either dispenser.

Defendant Bruce Burwick testified at length about his involvement with the 1983 dispenser and his placing the dispenser with a customer in New York. Burwick's testimony provides the closest support for Orange Bang's invalidity contentions:

> Q: Now, as you know sir, this case involves, this post-mix dispenser with a bowl, and a liquid that is not dispensed that simulates the beverage and

gives a visual impression that the liquid that you see is not what you are getting.

A: I know that that is what the case is about.

Q: What is your earliest knowledge of a dispenser which, in your judgment would have these features?

* * *

A: Well, I was speaking to Dave Fox and he had described to me that he had taken a – excuse me – a pre-mix dispenser, a Starline which – what I knew about Starlines was they also contained just like a Jet Spray a five-gallon bowl or reservoir and what he had done is said he had a fluid like an antifreeze fluid that there would be no spoilage but looked like his fruit punch Ole drink in color and he said, "You know, I made this fluid and I put a post-mix valve," which to me would be a valve just like similar to the machine right next to the single bowl pre-mix Starline.

That was a fountain machine. And with my experience, those are like post-mix valves.

* * *

And he installed that on the front panel of the Starline machine and he said he connected a water line to the back of the valve from the inside and a syrup line and he said it would be able to give a continuous volume from a bag in the box or a five-gallon tank which were both available at the time and that it would refrigerate the anti-freeze product that was in the bowl so that the bowl would still look cold.

And he told me that this is what he did. He said how would you like to try one?

* * *

Q: Now you have this piece of equipment in New York. What did you do with it?

* * *

A: Well, I offered it to Frank Cretella who was a customer of mine at the Staten Island Zoo concession stand for a year. . . .

* * *

Q: Did the dispenser have any indication on it that that is the drink that was going to be dispensed?

* * *

A: It had on – I believe it had on all four sides of it like this machine has four sides, the single Starline, it has a see-through six by 10 decal, six inches wide – I think six inches wide by 10 inches high see-through decal that said punch Ole.

* * *

Q: I see. And did it draw drinks?

A: Yes.

Q: And could the public see it?

A: Well, it was right on the main concession stand where any person that walked into the Staten Island Zoo concession, it was more than a food concession. It was a concession that sold zoo souvenirs and mementoes of your trips to the zoo and it was right there. The fruit punch Ole.

Q: Did Mr. Cretella understand that it was a post-mix, there were lines and he didn't have to fill the bowl?

A: He knew he didn't have to fill the bowl.

Burwick's testimony does not amount to clear and convincing evidence that the bowl was positioned "to create the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed." When asked directly about the claim limitation at issue, Burwick replied, "I know that that is what the case is about." When asked whether the dispenser had any indication of what beverage was going to be dispensed, Burwick testified that stickers on the side of the dispenser showed what beverage consumers would get. Claim 6, however, requires that the positioning of the bowl "create[s] the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed." Burwick's testimony does not substantiate that limitation. Moreover, Burwick's testimony regarding stickers on the side of the bowl does not satisfy the limitation in claim 9 requiring that the bowl "create the visual impression that said container is the reservoir and principal source of said dispensed beverage issuing from said outlet."

The testimony from defendant Fox likewise failed to establish that the alleged prior art dispensers satisfied these disputed claim limitations. When asked about his conception of the 1988 dispenser, Fox testified that he had the idea of "getting some plastic bowls made and putting in a liquid that would represent the beverage. If it was Orange Bang it would be orange. If it was Punch Bang, it would be red. . . . " While this testimony may show that the 1988 dispenser had a bowl of colored liquid on top of it, the claims require more. The testimony fails to prove that the bowl created the visual impression that it functioned as the source of the beverage being dispensed. In fact, Fox

was specifically asked whether consumers would notice that the beverage was flowing from a post-mix valve instead of straight from a pre-mix bowl:

> Q: I know it was a post-mix valve instead of a pre-mix valve, but just looking at it, it would look pretty much as it looks here, except it had this rod across the top, right?
>
> A: Well, being that I'm in the business, I would recognize the post-mix valve if I saw that piece of equipment.
>
> Q: Do you think the consumer of a beverage would have recognized that?
>
> A: Possibly.

Thus, the testimony of the defendants failed to show that that [sic] consumers would think that the bowl was the principal reservoir of the beverage being dispensed.

Even if the testimony at trial were sufficient to correlate each element of the alleged anticipatory dispensers with each claim limitation, this court must still ascertain whether that type of evidence was adequate to support the jury's finding. Historically, courts have looked with disfavor upon finding anticipation with only oral testimony. In *The Barbed Wire Patent,* 143 U.S. 275 (1892), the Supreme Court commented on the dangers of invalidating a patent on oral testimony alone.

> In view of the unsatisfactory character of such testimony, arising from the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as the party calling them would have them recollect them, aside from the temptation to actual perjury, courts have not only imposed upon defendants the burden of proving

> such devices, but have required that the proof shall be clear, satisfactory and beyond a reasonable doubt. Witnesses whose memories are prodded by the eagerness of interested parties to elicit testimony favorable to themselves are not usually to be depended upon for accurate information.

Id. at 284.

The Barbed Wire Patent involved a dispute over the novelty of a patent for barbed wire. Twenty-four witnesses testified on behalf of an accused infringer that they had seen an anticipating barbed wire fence exhibited by one Morley at an 1858 or 1859 county fair at Delhi in Delaware County, Iowa. *Id.* at 285. The witnesses included a boy who had been thrown against the fence and cut by the extruding barbs; a deputy marshal who hitched his horse to a fence post near the barbed wire fence and returned to find the horse's nose and breast bloodied by the barbs; and a fair attendee named Potter who saw an exhibit of the fence and was given a sample of the wire by Morley. Potter testified that he kept the sample in a trunk for more than ten years and then produced the sample at trial. *Id.* at 286-87. Potter's son, however, testified for the patentee and contradicted his father's testimony, saying that no such barbed wire was kept in the trunk. The patentee also presented evidence including two copies of the Delaware Journal which listed the notice of the fair, but did not mention Morley or his fence. The district court discounted both that evidence and the testimony from the patentee's witnesses who attended the fair but had seen "nothing of the Morley fence." *Washburn & Moen Mfg. Co. v. Beat 'Em All Barb-Wire Co.*, 33 F. 261, 270-71 (C.C.N.D. Iowa 1888). The district court found that it was unlikely that all

twenty-four witnesses were lying and declared the patent invalid. *Washburn & Moen Mfg.*, 33 F. at 272 ("Not only is there an entire lack of evidence to show that such a nefarious plan had been undertaken, but no motive can be conceived of, that would induce so large a number of well-known persons to engage in such a conspiracy."). Despite the testimony of twenty-four witnesses and the credibility determinations made by the trial court, the Supreme Court reversed, noting:

> [T]he very fact . . . that almost every important patent, from the cotton gin of Whitney to the one under consideration, has been attacked by the testimony of witnesses who imagined they had made similar discoveries long before the patentee had claimed to have invented his device, has tended to throw a certain amount of discredit upon all that class of evidence, and to demand that it be subjected to the closest scrutiny.

The Barbed Wire Patent, 143 U.S. at 284-85.[1]

---

[1] The dissent distinguishes this case from *The Barbed Wire Patent* because, unlike this case, that case involved an invention that was "a subtle improvement over the prior art that would be easily missed by anyone other than a keen observer skilled in the art." The record of the trial proceedings in *The Barbed Wire Patent* reveals that among the twenty-four witnesses who testified that they had seen the claimed barbed wire fence several years prior to the application at issue, some of the witnesses were skilled in the art. *Washburn & Moen Mfg.*, 33 F. at 268. For example, one of the witnesses, H.L. Bates, was a blacksmith who attended the county fair with Morley and helped Morley put the barbed wire fence in place for the exhibition. *Id.* Bates testified at trial that he made the tools with which the wires were twisted to form the barbs. *Id.* During a recess in the trial, Bates made a set of tools which were then entered into evidence and used in a courtroom demonstration

(Continued on following page)

The Court later clarified that the high standard of proof required when using oral testimony to prove prior public use was not "beyond a reasonable doubt" as stated in *The Barbed Wire Patent,* but was nevertheless a high threshold. *See Eibel Process Co. v. Minnesota & Ontario Paper Co.,* 261 U.S. 45, 60 (1923) ("The temptation to remember in such cases and the ease with which honest witnesses can convince themselves after many years of having had a conception at the basis of a valuable patent, are well known in this branch of law, and have properly led to a rule that evidence to prove prior discovery must be clear and satisfactory."). In light of this high standard, this court's predecessor adopted a list of factors for evaluating the credibility of oral statements. *See In re Reuter,* 670 F.2d 1015, 1021 & n.9, 210 USPQ 249, 255 & n.9 (CCPA 1981). Those factors include: (1) delay between event and trial, (2) interest of witness, (3) contradiction or impeachment, (4) corroboration, (5) witnesses' familiarity with details of alleged prior structure, (6) improbability of prior use considering state of the art, (7) impact of the invention on the industry, and (8) relationship between witness and alleged prior user. *Id.* (citing *E.I. du Pont de Nemours & Co. v. Berkley & Co.,* 620 F.2d 1247, 1261 n.20, 205 USPQ 1, 11 n.20 (8th Cir. 1980)). This court, especially in the context of proving priority of invention, has analyzed this corroboration requirement with a "rule of reason" analysis. *See Price v. Symsek,* 988 F.2d 1187, 1195, 26 USPQ2d 1031, 1037 (Fed. Cir. 1993).

---

showing that the claimed barbed wire could be made with those tools. *Id.*

In *Woodland Trust v. Flowertree Nursery,* 148 F.3d 1368, 47 USPQ2d 1363 (Fed. Cir. 1998), this court, relying on *The Barbed Wire Patent,* reversed a finding of prior public knowledge and use based solely on uncorroborated oral testimony. There, the patentee owned a method patent for protecting a plot of foliage plants from freezing, which established an insulating covering of ice over ground level watering. The accused infringer presented oral testimony from four interested witnesses that the method was previously known and used by each of Joseph Burke and William Hawkins at their respective nurseries in Florida. Hawkins' son testified that his father's nursery was destroyed by a tornado in 1978 and not rebuilt until after the patent issued. Burke testified that he used the patented system, but tore it down in 1976. The district court credited the statements of the accused infringer's witnesses, held the patent invalid, and noted that "to discredit those witnesses in this case the court would be obliged to conclude that all four were deliberate perjurers." *Id.* at 1369-70, 47 USPQ2d at 1364-65. This court reversed, holding that "uncorroborated oral testimony, particularly that of interested persons recalling long-past events, does not, of itself, provide the clear and convincing evidence required to invalidate a patent on this ground." *Id.* at 1369, 47 USPQ2d at 1364. Specifically, the court noted that on the facts presented, in light of the absence of any written corroboration and the length of time between the anticipating events and the trial, the oral evidence alone was insufficient to invalidate the patent:

> The Supreme Court's view of human nature as well as human recollection, whether deemed cynical or realistic, retains its cogency. This view is reinforced, in modern times, by the ubiquitous paper trail of virtually all commercial activity. It

> is rare indeed that some physical record (e.g., a written document such as notes, letters, invoices, notebooks, or a sketch or drawing or photograph showing the device, a model, or some other contemporaneous record) does not exist.

Id. at 1373, 47 USPQ2d at 1367.

The following year, in *Finnigan Corp. v. International Trade Commission,* 180 F.3d 1354, 51 USPQ2d 1001 (Fed. Cir. 1999), this court held that concerns regarding corroboration are not limited to "interested" witnesses. *Id.* at 1367-68, 51 USPQ2d at 1011. Finnegan was the assignee of a patent pertaining to a method for using a "quadruple ion trap" to generate a mass spectrum of a trapped sample. This court held that the claim limitations at issue required the use of a nonresonance ejection. *Id.* at 1363-64, 51 USPQ2d at 1007-08. The Commission found that the claimed invention had been the subject of prior use by an uninterested witness, Keith B. Jefferts. Jefferts authored an article that disclosed all claim limitations with the exception of the required use of a nonresonance ejection. Jefferts testified before the Commission that he practiced every limitation of the claimed invention, including the limitation missing from his article, more than one year before the filing date of the patent at issue. *Id.* at 1364-66, 51 USPQ2d at 1008-10. Jefferts's testimony was the only evidence of the limitation missing from his article and was uncorroborated by any other testimony or evidence in the record. This court reversed the Commission, holding that under the circumstances of the case before it, the oral testimony alone was insufficient to establish prior public use:

> In the end, what we are left with is Jefferts' testimony concerning his alleged public use. Such

> evidence is insufficient as a matter of law to establish invalidity of the patent. This is not a judgment that Jefferts' testimony is incredible, but simply that such testimony alone cannot surmount the hurdle that the clear and convincing evidence standard imposes in proving patent invalidity. *See Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1577, 38 USPQ2d 1288, 1291 (Fed. Cir. 1996) (noting that the corroboration rule, "provides a bright line for both district courts and the PTO to follow . . . ").

Id. at 1370, 51 USPQ2d at 1012.

Here, applying the *Reuter* factors, we conclude that the evidence presented by Orange Bang was insufficient as a matter of law to surmount the clear and convincing evidence hurdle. The testimony about the 1983 and 1988 dispensers came more than eight and twelve years, respectively, after the witnesses saw the dispensers. Cretella, the only witness to use the dispensers to serve drinks in public, kept the 1983 dispenser for only one month and the 1988 dispenser for less than three months. None of the six witnesses can be said to be disinterested. Two of the witnesses, Fox and Burwick, are defendants in the case. Stein was the operations manager for the defendant Orange Bang. Cretella was a long-time customer of Burwick, and Burwick was a shareholder in a group of restaurants operated by Cretella. Goff, the former beverage dispenser manufacturer, had known Fox since 1977 and had a business relationship with Fox's brother-in-law. Finally, Massaro, the maker of the acrylic bowls for the 1988 dispenser, was the senior salesperson for a company that sold products to Orange Bang the same year as the lawsuit. The six witnesses are sufficiently inter-connected to consider them "interested witnesses" in the context of

the *Reuter* factors. *See Oney v. Ratliff,* 182 F.3d 893, 896, 51 USPQ2d, 1697, 1700 (Fed. Cir. 1999) ("The uncorroborated oral testimony of [the accused infringer], as the inventor, and his close associates would be insufficient to prove invalidity.").

The one writing proffered to corroborate the oral testimony in this case is inadequate to meet the applicable standard of proof. Reliable evidence of corroboration preferably comes in the form of physical records that were made contemporaneously with the alleged prior invention. *See Sandt Tech., Ltd. v. Resco Metal & Plastics Corp.,* 264 F.3d 1344, 1350-51, 60 USPQ2d 1091, 1094 (Fed. Cir. 2001) ("Documentary or physical evidence that is made contemporaneously with the inventive process provides the most reliable proof that the inventor's testimony has been corroborated." (citing *Woodland Trust,* 148 F.3d at 1373, 47 USPQ2d at 1367)). Here, the sketches of the 1983 dispenser were not drawn by Goff and Cretella until their depositions in this case. Thus, they are no more reliable than the oral testimony accompanying the drawings. The purchase order for clear bowls corroborates the witnesses' testimony that Orange Bang purchased clear bowls from Massaro but still leaves the record devoid of any evidence that the bowls, even if placed upon a post-mix dispenser, created the visual impression that the bowl was the reservoir and principal source from which a serving of the beverage was dispensed.[2] We do not conclude that the

[2] The dissent focuses on a demonstration by Fox before the jury using a Starline pre-mix dispenser. However, this testimony is no more reliable than any of the other oral testimony, bearing in mind that the *Reuter* factors do not include a category for oral testimony accompanied by an admittedly non-anticipatory visual aid.

witnesses below were not credible. Rather, with the guidance of precedent cautioning against the reliance on oral testimony alone, we hold that the evidence of record did not provide the clear and convincing evidence necessary to invalidate the patent for prior public knowledge. The district court, therefore, erred by denying Juicy Whip's motion for JMOL on anticipation.

C. Inequitable Conduct

On appeal, Juicy Whip argues that nothing in the Boulahanis or Bowers declarations is false or misleading, and to the extent that any part is misleading, those parts are immaterial. In addition, Juicy Whip argues that Orange Bang failed to present substantial evidence of intent to deceive the PTO. With respect to the Stratton letter, Juicy Whip contends that it is not prior art and not relevant to any issue relating to patentability. Orange Bang responds by arguing that the record supports the inequitable conduct finding by the jury. Specifically, it argues that both the Boulahanis and Bowers declarations were material and misleading. Furthermore, by failing to provide the PTO with a copy of the Gus Stratton letter addressed to the California Department of Health Services, Orange Bang argues that the Strattons withheld information that a reasonable examiner would consider material.

Inequitable conduct entails a two-step analysis: first, a determination of whether the withheld reference meets a threshold level of materiality and intent to mislead, and second, a weighing of the materiality and intent in light of all of the circumstances to determine whether the applicant's conduct is so culpable that the patent should be

unenforceable. *See generally GFI, Inc. v. Franklin Corp.*, 265 F.3d 1268, 1273-74, 60 USPQ2d 1141, 1143 (Fed. Cir. 2001). Both intent and materiality are questions of fact. *Baxter Int'l, Inc. v. McGaw, Inc.*, 149 F.3d 1321, 1327, 47 USPQ2d 1225, 1228-29 (Fed. Cir. 1998). "The more material the omission, the less culpable the intent required, and vice versa." *Halliburton Co. v. Schlumberger Tech. Corp.*, 925 F.2d 1435, 1439, 17 USPQ2d 1834, 1838 (Fed. Cir. 1991). The challenged conduct must be sufficient to require a finding of deceitful intent in light of all the circumstances. *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 873, 9 USPQ2d 1384, 1389 (Fed. Cir. 1988) (en banc in relevant part).

We conclude that the record is devoid of substantial evidence rising to the level of the clear and convincing evidence necessary to render the patent unenforceable. Specifically, Orange Bang failed to present substantial evidence of materiality regarding the Boulahanis declaration and Stratton letter or of intent to mislead regarding the Bowers declaration. We begin with the Boulahanis declaration. It is undisputed that every statement in the declaration is a true statement. Boulahanis was, in fact, a former employee of an Orange Bang distributor. It was perhaps misleading, however, for the Strattons to resubmit the declaration knowing that the examiner misunderstood by whom Boulahanis was employed. However, to the extent that the declaration was misleading the second and third times it was submitted, the misleading part of the declaration was not material to the declaration or the application. The declaration was directed to the problems in the prior art and the advances of the Strattons' invention. Orange Bang acknowledges that the problems raised

by Boulahanis, such as the difficulty in cleaning the premix dispensers, were indeed problems that were solved by the Strattons' invention. Every statement in the declaration relating to the claimed invention is true. The relevant inquiry before the examiner was whether the claimed invention solved a long-felt need, not who said the invention solved the long-felt need. While the court is bothered by the Strattons' failure to correct the examiner's misunderstanding, the clarified identity of Boulahanis's employer was immaterial to the issue before the examiner.

Likewise, the submission of the Bowers declaration cannot serve as the source of an inequitable conduct finding. In its appellate brief, Orange Bang argues that the Bowers declaration "misrepresented the commercial success of the Strattons' dispensers by the Coca-Cola company" and "unquestionably contained false information." However, Orange Bang does not identify any specific statements in the declaration that it contends Juicy Whip knew to be false. The jury had before it the Coca-Cola protest, which points to a number of statements in the declaration that it contended were false statements. The protest ultimately failed, with the examiner noting that the Bowers declaration is supported by other declarations of Coca-Cola managers. Whether the statements in the Bowers declaration were false or misleading is irrelevant to our inquiry, however, because Orange Bang failed to present any evidence that the Strattons knew or considered the Bowers declaration to contain anything untrue or that the declaration was submitted with any intent to mislead the examiner.

In his declaration, Bowers discusses his personal opinions of the state of the beverage dispensing industry and the happenings within Coca-Cola regarding their

problems associated with beverage dispensing equipment. The record reflects a disagreement between Bowers and Coca-Cola over what was happening within Coca-Cola. The record does not reflect, however, that the Strattons knew that anything in the Bowers declaration was false or misleading at the time they submitted it to the PTO. Proving that the Bowers statements were false or misleading, without accompanying proof of an intent to mislead, falls short of the showing needed to support a finding of inequitable conduct. Orange Bang had the burden at trial of proving by clear and convincing evidence that the Strattons acted with an intent to mislead the examiner. At the time the Strattons submitted the Bowers declaration, Coca-Cola had ordered 10,000 machines from Juicy Whip. Furthermore, several other Coca-Cola executives submitted affidavits on behalf of Juicy Whip. The only evidence Orange Bang points to for support of its theory of intent to mislead is the fact that Juicy Whip hired Bowers nearly two years after his declaration. That alone is not substantial evidence supporting a finding of an intent to mislead. No reasonable juror could conclude that the Strattons submitted the Bowers declaration with an intent to mislead the patent examiner.

Finally, the draft of the letter from Gus Stratton to the California Department of Health Services is immaterial as a matter of law. The letter is not a complete description of the claimed invention and is not otherwise prior art. Orange Bang argues that in light of Gus Stratton's belief that a disclaimer was necessary to dispel consumer confusion, a reasonable examiner may have considered this information material. However, this court in *Juicy Whip I* rejected Orange Bang's contention that the claimed invention lacked utility under 35 U.S.C. § 101 because its

purpose was to deceive the public. *Juicy Whip I,* 185 F.3d at 1366-68, 51 USPQ2d at 1702-03. Because an invention's deceptive nature has no bearing upon its utility, no examiner could conclude that the letter was material to patentability.

Because neither of the two declarations nor the Stratton letter meets the threshold level of materiality or intent to mislead, we need not weigh the materiality and intent in light of all the circumstances to determine whether the Strattons' conduct was so culpable that the patent should be unenforceable. The judgment of inequitable conduct, therefore, must be set aside.[3]

III. CONCLUSION

For the foregoing reasons, we reverse the district court's denial of Juicy Whip's motions for JMOL on the issues of anticipation and inequitable conduct. Further, we vacate the award of costs and remand the case for a determination of damages. On remand, the district court will have discretion, based on the jury's finding of willfulness not contested in this appeal, to determine whether to enhance damages under 35 U.S.C. § 284.

---

[3] A district court operates within its discretion when it instructs the jury to find and weigh the facts surrounding the inequitable conduct defense and to decide the ultimate question of inequitable conduct. *See Hebert,* 99 F.3d at 1114, 40 USPQ2d at 1614. In light of our disposition on the inequitable conduct issue, we do not reach Juicy Whip's contention that the district court erred by making the jury finding binding upon the parties.

REVERSED-IN-PART, VACATED-IN-PART, AND REMANDED.

MAYER, *Chief Judge*, dissenting.

Because the jury's finding of prior public use under 35 U.S.C. § 102(b) was supported by substantial evidence, I would affirm the district court's holding that U.S. Patent No. 5,575,405 is invalid.

During trial, Orange Bang attempted to establish that its owner, David Fox, had constructed and publicly used a beverage dispenser that fully anticipated the claimed invention. To that end, it presented the testimony of six witnesses: David Fox, Bruce Burwick, Patrick Goff, Frank Cretella, John Massaro, and Richard Stein. The court states that Orange Bang failed to present sufficient evidence that the anticipating device possessed each and every limitation of the claims at issue. Specifically, the court says the evidence was insufficient as to the limitation of claim 6 requiring "positioning a transparent display bowl relative to the dispenser outlet to create the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed," and the limitation of claim 9 that requires that the dispenser be "positioned relative to said outlet to create the visual impression that said container is the reservoir and principal source of said dispensed beverage issuing from said outlet." *Ante,* at 738-39. However, I believe the court fails to appreciate the presentation conducted by David Fox. Consequently, it erroneously concludes that no reasonable jury could reach the result that it did.

During trial, Orange Bang brought a Starline pre-mix dispenser (Exhibit 64) into the courtroom. A Starline pre-mix dispenser is common in the marketplace and has a clear plastic bowl positioned above the dispenser outlet. From the counter up, it closely resembles the dispenser depicted in Figure 1 of the '405 patent. *Ante,* at 2. Counsel then asked Fox to explain to the jury how he converted this pre-mix dispenser to a post-mix dispenser.

> Q. BY MR. SCHWAB: Could you explain to the jury using exhibit [64] . . . what you did, sir.
>
> A. Yes
>
> What I did was, I took this nozzle off of the dispenser and in the case of dispensers like this it had a spacer.
>
> Now, the reason it had a spacer that was about an inch long, wide or long, was so that this part would come out a little further to accommodate a whipping chamber here so the product could go down.
>
> So when I took off the spigot it had a spacer which was screwed into the bolt and that spacer had a little hole in it, about a quarter of an inch.
>
> So when you pulled the handle, the fluid would go through the little hole and come down into the cup.
>
> So I plugged that hole with silicone and so that the liquid in the bowl would not come out.
>
> And below it I put on a valve, a small little valve on the front of it and then attached two conduits, one for water and one for syrup.

> And that was where it would connect to a water line and the bag and box and this little valve had a lever on it.
>
> You pushed the lever, activated the bag and box system and brought the product to the head and with the little funnel into the cup.

The technology and claims at issue are not complex. As Fox was describing to the jury the steps that he undertook to retrofit the Starline dispenser, it could have quite easily determined for itself, as it must have done, that the display bowl was positioned relative to the dispenser outlet to create the visual impression that the bowl is the reservoir and principal source from which a serving of the beverage is dispensed. We were not present for this demonstration and it was not recreated for us at oral argument, nor should it have been. The jury is the ultimate finder of fact and to second guess it in the manner that has been done here substantially invades its province. *See Bio-Tech. Gen. Corp. v. Genentech, Inc.*, 267 F.3d 1325, 1330, 60 USPQ2d 1430, 1434 (Fed. Cir. 2001).

Fox's testimony was not the only evidence presented on these claim limitations. As the court sets forth in detail, Burwick testified that Fox had described to him what he had done, specifically, converting a pre-mix Starline dispenser to a post-mix dispenser. *Ante,* at 16-18. Goff testified that he observed and operated the retrofitted dispenser at the Houston distributorship in the spring of 1983 and summer of 1984. Cretella testified that he used the dispenser in April of 1984. Stein testified that he saw Fox working on the retrofitted dispenser in 1984. The jury saw Fox's demonstration, was aware of what a converted Starline dispenser looked liked, and heard the additional testimony of the other witnesses. It was well within their

province to determine that the manner in which the device had been converted would create the visual impression that the bowl is the reservoir and principal source from which a serving of the beverage is dispensed.

The court continues that even if Orange Bang had presented evidence of all of the limitations, the result would have been the same because of a lack of corroboration. I respectfully disagree.

While the six witnesses presented by Orange Bang may have been interested in the outcome to varying degrees, the level of interest is only one of the eight factors set out in *In re Reuter,* 670 F.2d 1015, 1021 & n.9, 210 USPQ 249, 255 & n.9 (CCPA 1981), testimony as to all of which was before the jury. This is not a situation like *Finnigan Corp. v. In'l Trade Comm'n,* 180 F.3d 1354, 51 USPQ2d 1001 (Fed. Cir. 1999), where only one witness testified, or *Washburn & Moen Mfg. Co. v. Beat 'Em All Barbed-Wire Co.,* 143 U.S. 275 (1892), where, while 24 witnesses testified, the invention at issue was a subtle improvement over the prior art that would be easily missed by anyone other than a keen observer skilled in the art. At issue here was a drink dispenser, whose claimed elements were easily discernible. Moreover, the witnesses who testified were experienced in the industry and understood the state of the art at the time that Fox retrofitted the Starline dispenser. The jury was aware of all of the detracting factors that might call into question their testimony and it still found the patent invalid. To decide on appeal, without having seen the witnesses, that the testimony was insufficient as a matter of law is a distortion of our role in the judicial process.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NOTICE OF ENTRY OF JUDGMENT ACCOMPANIED BY OPINION

OPINION FILED AND JUDGMENT ENTERED: 06/07/02

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will be issued in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing in banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

No costs were taxed in this appeal.

Regarding exhibits and visual aids: Your attention is directed to FRAP 34(g) which states that the clerk may destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

/s/ Jan Horbaly
JAN HORBALY
Clerk

cc: ERNIE L. BROOKS
JEFFREY A. SCHWAB

JUICY WHIP V ORANGE BANG, 01-1263
DCT – 96-CV-8148

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

JUICY WHIP, INC., Plaintiff, vs. ORANGE BANG, INC.; UNIQUE BEVERAGE DISPENSERS, INC.; DAVID FOX; and BRUCE BURWICK, Defendants.	CASE NO.; CV 96-08148 ABC (RNBx) **ORDER DENYING PLAINTIFF'S MOTIONS FOR: JUDGMENT AS A MATTER OF LAW (FED. R. CIV. PRO. 50); OR FOR A NEW TRIAL (FED. R. CIV. PRO. 59); OR TO SET ASIDE FINAL JUDGMENT/ NEW TRIAL (FED. R. CIV. PRO. 60)** (Filed Feb. 21, 2001)

Plaintiff has filed two separate Motions for Judgment as a Matter of Law ("JMOL") or for a New Trial, each attacking a Final judgment on Jury Verdict that was entered on January 19, 2001, and each filed on the tenth and final day for such filing. *See* Fed. R. Civ. Pro. 50(b); Fed. R. Civ. Pro. 59(b). Defendants oppose. After review of all the papers submitted by both sides, and the case file, the Court concludes that the Motions are appropriate for submission without oral argument. *See* Fed. R. Civ. Pro. 78; Local Rule 7.11. Accordingly, the hearing scheduled for February 26, 2001 is hereby VACATED. Furthermore, the Court concludes that the jury verdict, and the Final Judgment entered thereon, were supported by the evidence presented at trial. Thus,

the Court hereby DENIES both of Plaintiff's Motions for JMOL or New Trial.

I. BACKGROUND

The facts of this case are well known to the parties and will not be set forth again here. The first phase of a jury trial in this case based on U.S. Patent No. 5,575,405 ("the '405 patent") commenced on November 28, 2000.[1] On December 1, 2000, on the fourth day of trial, and at the close of all the evidence, but before submission of the case to the jury, Plaintiff made an oral Rule 50(a) motion for JMOL (also commonly known as a motion for directed verdict).[2] Plaintiff claimed, *inter alia*, insufficient evidence of prior public use and of inequitable conduct by the patentee for those questions to go to the jury. *See* 12/01/00 Tr. Transcript at 815:3-820:23.[3] The Court denied the motion, finding enough evidence of both grounds for

---

[1] The Court bifurcated issues of liability and damages, without informing the jury of this bifurcation. Thus, in Phase I, the jury was asked to decide the validity of the patent-in-suit, whether there had been infringement thereof, and whether infringement was willful. If the patent were found both valid and infringed, the jury would have moved on to Phase II, where they would have considered damages. In this case, Phase II was unnecessary due to invalidation of the patent.

[2] "Motions for [JMOL] may be made at any time before submission of the case to the jury." Fed. R. Civ. Pro. 50(a)(2).

[3] By making this motion at the close of all of the evidence, the Plaintiff preserved its right to make a Rule 50(b) post-trial motion on the same basis. *See* Fed. R. Civ. Pro. 50(b) ("Renewing Motion for Judgment After Trial"); Advisory Notes to 1963 Amendment to Rule 50(b) ("A motion for judgment notwithstanding the verdict [now a Rule 50(b) Motion for JMOL] will not lie unless it was preceded by a motion for a directed verdict [Rule 50(a)] made at the close of all the evidence").

invalidity to warrant jury consideration. *See* 12/01/00 tr. Transcript at 830:5-19.

On December 4, 2000, following instruction and closing arguments, the case was submitted to the jury. After four days of deliberation, the jury returned its unanimous verdict on December 8, 2000.

The jury found, per the verdict form that they were given (and to which both parties agreed), both infringement and invalidity of the '405 patent. The Special Verdict Form specifically instructed the jury that it would be asked two sets of questions, one on infringement (Qs 1 to 5) and another on invalidity (Qs 6-9). They were instructed to answer both sets of questions. The parties had requested that the jury give findings on both infringement and invalidity, due to the possibility of appeal, and in the interests of efficiency.

The jury answered affirmatively to Special verdict Form Questions 1 and 2, thereby indicating that Defendants Orange Bang and Unique Beverage infringed Claims 6 and 9 of the '405 patent (Q 1) with all of their allegedly infringing machines (Q 2). The jury also found that these Defendants' direct infringement was willful (Q 3). In addition, the jury found that Defendants Orange Bang and Unique Beverage induced infringement of the '405 patent, but that Defendants David Fox and Bruce Burwick did not (Q 4); the inducement of infringement by entity Defendants Orange Bang and Unique Beverage was not willful (Q 5).

The jury also found that the '405 patent is invalid because the invention described was in public use more than one year prior to the application being filed (Q 6), and because the Strattons (the original patentees of the '405

patent) engaged in inequitable conduct during prosecution of the patent (Qs 7-9). The jury was specifically asked whether the Strattons withheld material information (Q 7), whether they did so with the intent to mislead the patent examiner (Q 8), and, "weighing all the circumstances," whether the Strattons engaged in inequitable conduct "so that the patent should be invalidated" (Q 9); the jury answered all three questions in the affirmative.

The twin findings of invalidity on grounds of prior public use and inequitable conduct by the patentees created a verdict in favor of Defendants. Thus, the Court did not proceed to the damages phase of the trial (Phase II). On January 18, 2001, the Court signed its final Judgment on Jury Verdict (entry 1/19/01), invaliding the '405 patent on the basis of prior public use and inequitable conduct, dismissing the amended complaint with prejudice, and noting that the additional jury findings of infringement and willfulness were of no legal effect due to the jury's findings of invalidity on two separate grounds.

On February 2, 2001, Plaintiff filed these two separate Motions for JMOL or for a New Trial. On February 12, 2001, Defendants filed a single Opposition.[4] Plaintiff filed

---

[4] Defendants argue, quite reasonably, that by filing what really constitute separate arguments belonging in a single motion as separate motions, Plaintiff has evaded the Local Rule page limits, effectively doubling its page allotment from 25 to 50 pages. *See* Opposition at 1 n.1; Local Rule 3.10 ("No memorandum of points and authorities . . . or post-trial brief shall exceed 25 pages in length . . . "). In order to illustrate this point, Defendants have filed a single Opposition to both Motions. The court agrees that there was no need for Plaintiff to file two separate motions dealing with essentially the same issues. The Court also agrees that Plaintiff did not here comply with Local Rule 7.4.1, requiring a pre-filing conference of counsel *5 days* prior to filing a

(Continued on following page)

one Reply on February 20, 2001. Plaintiff argues in the Motions that JMOL, or a New Trial, is proper in this case because (1) there was insufficient evidence to support the jury's finding of prior public use ("PPU Motion") and (2) there was insufficient evidence to support the jury's finding of inequitable conduct ("IC Motion"). The Motions are filed pursuant to Rule 50(b) and Rule 59(a), primarily. *See* PPU Motion at 6; IC Motion at 4.

In addition to these "insufficient evidence" arguments pursuant to Rules 50 and 59, Plaintiff also argues in the alternative that the allegedly improper statements made by counsel for Defendants during closing arguments at trial provide a separate basis for overturning the verdict under Federal Rule of Civil Procedure 60(b). "[A] party is also entitled to a new trial where, as here, the opposing counsel makes knowing misrepresentations to the jury in his closing argument." PPU Motion at 6; *see also* IC Motion at 5 (citing *Wharf v. Burlington Northern Railroad Co.*, 60 F.3d 631 (9th Cir. 1995)).

II. LEGAL STANDARDS

A. Standard for a Rule 50(b) Motion for JMOL

Rule 50(b) allows the court to enter judgment as a matter of law (JMOL) after trial or verdict where there is insufficient evidence for a reasonable jury to find for the non-moving party. Thus, entry of JMOL is proper only if

---

motion under these circumstances. However, the Court need not reach these procedural objections to Plaintiff's Motions, given its conclusion that even on their merits the Motions are unpersuasive.

there is "no legally sufficient evidentiary basis for a reasonable jury to find for the non-movant with respect to the issue." *Trovan, Ltd. v. Pfizer, Inc.*, 2000 WL 709149, *3 (C.D. Cal. 2000). "The jury's verdict is reviewed to determine whether it is supported [by] substantial evidence. . . . Substantial evidence is such 'relevant evidence as reasonable minds might accept as adequate to support a conclusion.'" *Mockler v. Multnomah County*, 140 F.3d 808, 815 n.8 (9th Cir. 1998) (citation omitted); *see also Zodiac Pool Care, Inc. v. Hoffinger Ind., Inc.*, 206 F.3d 1408, 1413 (Fed. Cir. 2000).[5]

In other words, JMOL is proper only "if the evidence, construed in the light most favorable to the nonmoving party, permits only one reasonable conclusion and that conclusion is contrary to the jury's." *Vollrath Co. V. Sammi Corp.*, 9 F.3d 1455, 1460 (9th Cir. 1993). For purposes of a JMOL motion, the court does not assess the credibility of witnesses. *See Landes Construction Co. v. Royal Bank of Canada*, 833 F.2d 1365, 1371 (9th Cir. 1987). Nor does the court "weigh the evidence, but [instead] draws all factual inferences in favor of the nonmoving party." *Lytle v. Household Manufacturing Inc.*, 494 U.S. 545, 554 (1990). A court should not substitute its

[5] Plaintiff cites without explanation to Federal Circuit cases to find standards for Rule 50 and Rule 59 post-trial motions. *See, e.g.*, PPU Motion at 6; IC Motion at 4 (both citing, *inter alia, Zodiac Pool Care, Inc.*). In that this seems a "procedural" issue, rather than a substantive patent-law issue, presumably each trial court should be guided by the law of its own circuit, rather than the Federal Circuit. Thus, the Court looks primarily to Ninth Circuit cases for standards for application of Rules 50 and 59. In any case, the standards given in these Circuits (Ninth and Federal) appear to be nearly identical.

judgment for that of the jury. "The fundamental principle is that there must be a minimum of judicial interference with the jury." 9A Wright & Miller, *Federal Practice and Procedure,* Civil 2d § 2524 at 261 (1995).

B. Standard for a Rule 59(a) Motion for New Trial

Rule 59(a) provides that, following a jury trial, "[a] new trial may be granted to all or any of the parties and on all or part of the issues . . . for any of the reasons for which new trials have been granted in actions at law in the courts of the Untied States . . . " Fed. R. Civ. Pro. 59(a). "The authority to grant a new trial . . . is confided almost entirely to the . . . discretion . . . of the trial court." *Allied Chemical Corp. v. Daiflon,* 449 U.S. 33, 36 (1980).

The threshold for a new trial is somewhat lower than that for a JMOL, in that a new trial is appropriate where the court finds that the jury verdict is "contrary to the clear weight of the evidence" and/or to prevent a "miscarriage of justice." *Murphy v. City of Long Beach,* 914 F.2d 183, 187 (9th Cir. 1990); *see also Unisplay, S.A. v. American Electronic Sign Co., Inc.,* 69 F.3d 512, 517 (Fed. Cir. 1995). "Thus on a motion for a new trial – unlike a motion for a judgment as a matter of law – the judge may set aside the verdict even though there is substantial evidence to support it." 11 Wright & Milller, *Federal Practice and Procedure,* Civil 2d § 2806 at 65 (1995). However, Rule 59 is not a mechanism for the trial court to substitute its judgment for that of the jury. Rule 59 is designed primarily to permit the trial court to set aside a clearly erroneous verdict, without having to meet the higher "substantial

evidence" standard required for JMOL. This decision is committed to the trial court's sound discretion.

C. Standard for a Rule 60(b) Motion to Set Aside Judgment

Rule 60(b) provides, in pertinent part, that "upon such terms as are just, the court may relieve a party . . . from a final judgment, order, or proceeding for . . . mistake . . . newly discovered evidence . . . fraud," or other listed grounds. Rule 60 is primarily designed to provide relief where a judgment was reached on erroneous grounds or as the result of misconduct. By implication, Rule 60 also provides grounds upon which a new trial may be ordered. "Rule 60 allows the court to grant a partial new trial 'upon such terms as are just,' on the grounds of 'fraud . . . misrepresentation, or other misconduct of an adverse party,' among other grounds." *Wharf,* 60 F.3d at 637.

The Ninth Circuit has said that the standards are "essentially the same" under Rule 59 and Rule 60, though a Rule 59 motion, "because it must be made within 10 days, may require a slightly lower showing than a motion under Rule 60." *Id.* Under Rule 60, a motion for a new trial based on alleged misconduct "is properly granted where a party can: (1) prove by clear and convincing evidence that the verdict was obtained through fraud, misrepresentations, or other misconduct [and] (2) establish that the conduct complained of prevented the losing party from fully and fairly presenting his case or defense." *Id.* As is true for a Rule 59 motion, a motion for relief from a judgment is addressed to the discretion of the trial court. *See Rodgers v. Watt,* 722 F.2d 456, 460 (9th Cir. 1983).

Thus, the court must determine whether relief is necessary to prevent a miscarriage of justice.

III. DISCUSSION

Due to Plaintiff's decision to file two separate Motions seeking the same relief (JMOL or a new trial), the two Motions are redundant, at least in part, and take a confusing approach to the structure of the various arguments made by Plaintiff. Rather than following the somewhat meandering course of Plaintiff's claim bases for relief in each of the separate Motions, for purposes of clarity the Court will instead re-organize and discuss the arguments presented by Plaintiff under the following sub-headings: (A) whether the evidence of prior public use supports a jury finding of invalidity on that basis; (B) whether the evidence of inequitable conduct supports a jury finding of invalidity on the basis; and (C) whether Defendants' trial counsel's allegedly improper closing argument merits setting aside the judgment.

A. Invalidity on the Basis of Prior Public Use

On Question 6 of the Special Verdict Form, the eight-person jury answered affirmatively to the query: "Did defendants prove by clear and convincing evidence that the asserted claims are invalid because the invention described in the claims of the '405 patent was in public use prior to September 1, 1988?" In so doing, the jury found that Defendants had carried their burden of proving invalidity by reason of prior public use by clear and

convincing evidence;[6] the jury was also specifically instructed on the proof requirements and standards for a finding of prior public use. *See* Post-Trial Instructions Nos. 23-25. Plaintiff claims that this jury conclusion, reached after four days of careful deliberation, is not supported by "substantial evidence" (Rule 50) and/or is "contrary to the weight of the evidence" (Rule 59). The Court cannot agree, and will not invade the province of the jury.

The jury apparently made its finding of prior public use based on evidence presented at trial that Defendant David Fox created machines anticipating the claims of the '405 patent in 1984 and/or 1988. This evidence included the testimony of six witnesses, with varying levels of interest in the outcome of the case: David Fox himself, Defendant Bruce Burwick, Richard Stein, Patrick Goff, Frank Cretella, and John Massaro. In addition, Defendants put into evidence an invoice from 1988 allegedly showing that Fox ordered the bowls for his anticipatory machine at that time. Finally, at their depositions Goff and Cretella each drew sketches of the machine previously seen in Fox's possession.

Plaintiff first argues that the verdict rendered by the jury is inconsistent, in that the jury found willful infringement by at least some of the Defendants (Orange Bang and Unique Beverage), but also found the patent invalid on the basis of prior public use. Plaintiff argues that a finding of willful infringement "necessarily includes

---

[6] *See Finnigan Corp. v. International Trade Comm.*, 180 F.3d 1354, 1366 (Fed. Cir. 1999); *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1370-71 (Fed. Cir. 1998) (applying 35 U.S.C. § 102(a) and (b) – standards for prior invention and/or prior public use).

a finding that Orange Bang and Unique did not have a good faith belief that Juicy Whip's patent was invalid." PPU Motion at 5 (emphasis in original). Plaintiff claims that the jury, in order to find willful infringement, *must* have "rejected" the above-listed evidence of the 1984 and 1988 activities by David Fox, in that those activities "did not support even a good faith belief in public use invalidity," and therefore will not support a *finding* thereof. *See* PPU Motion at 5.[7]

The Court disagrees with Plaintiff's reading of the jury verdict, for at least three reasons. First, any alleged "inconsistency" in the verdict was completely the doing of the parties in this case, in that they each stipulated to a special Verdict Form which asked the jury to issue findings on *both* infringement (and willfulness) and invalidity. Plaintiff should not now be heard to complain that a special verdict including both such findings is hopelessly irreconcilable, or that the only reasonable reconciliation is reversal of the invalidity finding. The jury was specifically asked to render both findings: whether there was willful infringement *and* whether there was a prior public use.

Second, Plaintiff's assumption that the jury, in order to find willful infringement, must have "rejected" Defendants' evidence of a prior public use (in order to find lack

[7] Plaintiff further argues that when the above-described evidence of the 1984 and 1988 activities is stripped away, all that is left is a letter from Stratton to the California Department of Health Services that may or may not have been sent in 1988, which cannot on its own support a finding of "prior public use." *See* PPU Motion at 6-8. In that the Court does not agree with Plaintiff's reading of the special verdict rendered by the jury, it is not necessary to separately assess whether the 1988 letter can support a finding of prior public use.

of "good faith belief"), is flawed at its core. This flies in the face of the clear instructions on the Special Verdict form itself, which instructed the jury that it would be asked "to make two different determinations." The jury was told that when answering Questions 1 through 5 (on infringement and willfulness thereof), it "should not consider the validity of the '405 patent" (i.e., it should assume its validity for these purposes). *See* Special Verdict Form at 3 (instructions preceding Question 1). Thus, for Plaintiff to now argue that the willful infringement finding must have been based on a *rejection* of the "prior public use" evidence is contrary to the clear instruction to the jury not to *consider* this evidence when deciding infringement and willfulness by Defendants. It is quite clear that these findings were not, in fact, "inconsistent."

Third, even if the Court were willing to assume that there is an "inconsistency" between these two jury findings, this would not lead to the conclusion that Plaintiff urges. As Defendants point out, the Ninth Circuit rule[8] is that, "[w]hen faced with a claim that verdicts are inconsistent, the court must search for a reasonable way to read the verdicts as expressing a coherent view of the case . . . " *Norris v. Sysco Corp.*, 191 F.3d 1043, 1048 (9th Cir. 1999). Thus, the Court must make every effort to "harmonize" these findings if possible; any reasonable reconciliation of the findings must be accepted.

---

[8] As Defendants note, the "issue of inconsistent jury findings is a procedural matter not unique to patent law, and as such . . . [must be guided by] the discernible law of the forum." *Beckman Instruments, Inc. v. LKB Produkter AB*, 892 F.2d 1547, 1550 (Fed. Cir. 1989).

One possible reconciliation is that the jury *followed* the Court's instructions, and rendered "two different determinations." Another real possibility is that, as Defendants argue, the jury believed that the 1984 and 1988 events occurred, but found that the legal opinion rendered by Defendants' counsel, upon which Plaintiff focused as an insufficient basis for a defense to willfulness, was as lacking as Plaintiff claimed it to be. *See* Opposition at 14. In other words, the jury may have found that Defendants were not entitled to *rely* on that opinion to avoid willfulness (because of its deficiencies), but nonetheless found that the underlying 1984 and 1988 events on which the legal opinion may in part have been based did in fact occur. In keeping with Ninth Circuit precedent, the court "must uphold" a jury verdict that is alleged to be inconsistent "unless it is impossible 'under a fair reading' to harmonize the answers." *Magnussen v. Yak, Inc.*, 73 F.3d 245, 246 (9th Cir. 1996). Here, there are at least two possible "reconciliations" of the jury verdict. Therefore, the Court concludes that the jury finding of "prior public use" is sustainable.

The Court also rejects Plaintiff's other primary argument on the finding of prior public use: that there is no "substantial evidence" to support the jury's finding, and/or that this finding is "contrary to the weight of the evidence." *See* PPU Motion at 9-13. The Court finds that there is certainly "substantial evidence" from which a reasonable jury could (and did) find prior public use. Furthermore, the Court finds that the evidence presented sufficiently comports with the "corroboration" requirements as set down in Federal Circuit cases like *Finnigan*, 180 F.3d at 1366, and *Woodland Trust*, 148 F.3d at 1371

(requiring corroboration of the alleged prior investor's testimony).

In brief, Plaintiff argues that the testimony of the witnesses at trial as to what they allegedly made or observed in 1984 and/or 1988 was insufficiently corroborated to constitute "substantial evidence" on which a jury could rely to find clear and convincing proof of prior public use of a claimed invention. *See* PPU Motion at 9-11. Plaintiff therefore claims entitlement to JMOL in its favor on this issue. Yet as was true during the trial, when the Court carefully considered this issue, both for purposes of preparation of the jury instructions and the Special Verdict Form, and for purposes of Plaintiff's Rule 50(a) JMOL motion made at the close of the evidence, the Court considers the evidence sufficient to support a jury finding of prior public use.

The jury was instructed that the law looks with disfavor upon oral testimony as alone being sufficient to invalidate a patent, and was further instructed of the "rule of reason" factors that it should use to assess the credibility of witnesses and the sufficiency of the corroborating evidence. *See* Post-Trial Instructions No. 25; *Finnigan,* 180 F.3d 1369 n.11. Further, the jury was instructed as to the form and scope of any "prior public use" in order to anticipate a claimed invention. *See* Post-Trial Instructions Nos. 23-25. The jury found invalidity on the basis of "prior public use." This jury finding was supported by "substantial evidence," including: the testimony of six witnesses, only three of whom were clearly "interested" in the classic sense of the word; the 1988 invoice exhibiting an order of "bowls" for the anticipatory machine; and the sketches drawn by Goff and Cretella at their respective depositions. The finding is reasonable, and not contrary to the great

weight of the evidence. The Motion for JMOL and/or a New Trial on the issue of prior public use is DENIED.

B. Invalidity on the Basis of Inequitable Conduct

On Questions 7 through 9 of the Special Verdict Form, the jury answered affirmatively to questions asking whether the Defendants had proven by clear and convincing evidence that: the Strattons (patentees of the '405 patent) "obtained the '405 patent by withholding material information from the Patent Office" (Q 7); the Strattons "withheld material information from the Patent Office with the intent to mislead the patent examiner" (Q 8); and, "weighing all the circumstances," the Strattons "engaged in inequitable conduct in the patent application process so that the patent should be invalidated" (Q 9). The jury therfore found that Defendants had carried their burden of proving invalidity, by reason of inequitable conduct, by clear and convincing evidence; the jury was instructed on requirements and standards for a finding of inequitable conduct. *See* Post-Trial Instructions No. 26.[9]

Again, Plaintiff claims that this finding is not supported by "substantial evidence" (Rule 50) and/or is "contrary to the weight of the evidence" (Rule 59). *See* IC Motion at 19. Again, however, the Court cannot agree, and will not disturb the jury's determination on this issue. The jury reached its findings after hearing and carefully considering all the evidence at trial; Plaintiff is merely

---

[9] *See Fiskars, Inc. v. Hunt Manufacturing Co.*, 221 F.3d 1318, 1326 (Fed. Cir. 2000) (findings required for inequitable conduct).

asking the Court to substitute its judgment for that of the jury. As the jury verdict is supportable by the evidence, Plaintiff is not entitled to JMOL on the issue of inequitable conduct. And because the verdict is not contrary to the evidence, nor is Plaintiff entitled to a re-trial on the particular issue of the Strattons' inequitable conduct.

The Court acknowledges frankly that the evidence of inequitable conduct presented at trial was not overwhelming, and that a reasonable jury could perhaps have found that it did not support a finding of invalidity. However, a reasonable jury could (and did) also find that the evidence presented *did* support such a finding; there is sufficient evidence to allow this determination to be made by the jury.[10] Where the evidence may reasonably support either finding, it is not for the Court to substitute its judgment for that of the jury.[11]

The evidence from which the jury could reasonably find that the Strattons withheld material information, that they did so with the intent to mislead, and that this "inequitable conduct" was sufficient to warrant invalidation of the '405 patent procured thereby, includes: the declaration of Greg Boulahanis submitted to the patent examiner, which materially misrepresented both Boulahanis' experience and his interest (or lack thereof) in the outcome of the patent application; the declaration of Joe Bowers submitted to the patent examiner, which contained

---

[10] As is shown by the Court's denial of the Rule 50(a) motion.

[11] The parties agreed to submit to the jury not only the factual predicates for inequitable conduct (materiality and intent), but also the ultimate "equitable" question of invalidation of the patent.

false information, and which was later disavowed by Bowers' employer at the time the declaration was submitted, Coca-Cola; Bowers' later employment by the Strattons; and the evidence that the contract between the Strattons and Coca-Cola (for purchase of machines reading on the '405 patent) was contingent on procurement of the patent. On this evidence, the jury could reasonably find inequitable conduct, and the Court will not disturb the jury's supportable conclusion.

In addition, there is the question of what use (if any) the jury may have made of the letter written by Gus Stratton, dated March 11, 1988, addressed (if not sent) to the California Department of Health Services. Though this letter bears little relevance to the question of "prior public use," in that it was never "published" in a way that would have been available to the public (and may never have been sent to the Department of Health Services), it does have some bearing on the issue of "inequitable conduct" before the patent examiner, to the extent that it reveals the Strattons' knowledge of a possibly material issue, and their unwillingness to reveal that issue to the examiner.

In particular, the 1988 letter was apparently the subject of an exchange in 1995 between Juicy Whip's offices in California and Peter Stratton in Michigan, which allegedly took place during the time that Peter Stratton was negotiating the "visual impression" language of the '405 patent with the patent examiner. In that the letter indicates that at the time it was written (if not sent) Gus Stratton thought it would be proper to place a "disclaimer" sticker on the machine so as to prevent consumers from being misled into thinking that the liquid came from the display bowl, it indicates that the Strattons were aware that this "deceptive" quality of the claimed device might be

material to its patentability. This "awareness" was not communicated to the examiner; from this the jury may have found an "intent to mislead."[12]

Therefore, the combination of the misleading declarations that *were* submitted to the patent examiner, and the potentially "material" information that was not, provide a sufficient basis for the jury to have relied upon clear and convincing evidence of inequitable conduct. Where parties agree to submit issues to a jury, they cannot later ask the Court to usurp the jury's role as ultimate factfinder. The Motion for JMOL and/or a New Trial on this issue is also DENIED.

C. "Improper" Closing Argument by Defendants' Counsel

Plaintiff's final argument (articulated to some extent in both Motions) focuses on alleged "knowing false statements" made by counsel for Defendants during closing argument. Plaintiff claims that these "misrepresentations" constitute an independent basis for setting aside the judgment pursuant to Rule 60(b), and ordering a new trial. *See* PPU Motion at 2, 5, 13; IC Motion at 5, 7. In particular,

---

[12] Plaintiff points out that this Court's finding that the '405 patent was invalid due to its "deceptive" qualities was reversed by the Federal Circuit. *See Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 1367 (Fed. Cir. 1999). The fact that the "deceptiveness" of the '405 patent was later eliminated as a basis for its invalidity does not eliminate the real possibility that the "disclaimer" issue may nonetheless have been "material" to a reasonable patent examiner, and does not relieve the Strattons of their obligation to reveal all *potentially* material facts in their possession under their "duty of candor" in prosecuting a patent before the Patent office.

Plaintiff claims that defense counsel knowingly misrepresented the nature and the significance of the 1988 letter written by Gus Stratton, addressed to the California Department of Health Services, and that among other things defense counsel improperly claimed that this letter was "death to the patent." *See* PPU Motion at 13 (summary of the argument). The Court does not agree that a new trial is warranted on this basis.

There were two mentions of the 1988 letter in defense counsel's closing argument to which Plaintiff now objects. The most strenuous objection is to the following statement made by defense counsel:

> *That letter was a public document with full disclosure of the invention, putting the public in – that letter is death to the patent.*

12/4/00 Tr. Transcript at 1025:8-10 (Defendants' counsel); *see* PPU Motion at 4, 5, 13; IC Motion at 7 (all quoting from this passage). Plaintiff claims that this argument, in that it apparently asserts that the 1988 letter constitutes a "prior public use," misrepresents the law and was therefore unduly prejudicial to Plaintiff's case.

Plaintiff also now objects to another mention of the letter at a later point in closing argument, where defense counsel remarked:

> *Will the examiner start asking questions about prior public use? Will the examiner start asking questions about whether or not this claim language is just not the right kind of claim language we should have here that you're going to have to start putting disclaimers on these bowls?*

12/4/00 Tr. Transcript at 1054:16-20 (Defendants' counsel); *see* IC Motion at 7-8 (claiming improper characterization as "public use"). Plaintiff claims that this "blatant misrepresentation to the jury that the letter constitutes a public use" solidified the prejudice.

Plaintiff's counsel did not object to either of these statements at the time that they were made in closing argument.[13] Nor were any objections raised before submitting the case to the jury. The first objection came by way of these Motions. Plaintiff is now seeking to upset a jury verdict on the basis of statements in Defendants' closing argument to which no objections were contemporaneously made.

As Defendants point out, the first question is therefore whether Plaintiff's failure to object during trial waives its right to object by post-trial motion or on appeal. *See* Opposition at 21. Defendants rely on numerous out-of-Circuit decisions holding that a failure to object to an improper closing argument waives the right to raise the issue thereafter. *See id.* (citing, *inter alia, Wilson v. Vermont Castings, Inc.*, 170 F.3d 391, 395 (3d Cir. 1999), *Dotson v. Scotty's Contracting, Inc.*, 86 F.3d 616, 618 (6th Cir. 1996), *Johnson v. Nat'l Sea Products, Ltd.*, 35 F.3d 626, 631 (1st Cir. 1994), *Holmes v. Elgin, Joliet & Eastern Railway Co.*, 18 F.3d 1393, 1398 (7th Cir. 1994)). It is clear from these cases that an objection to improper argument must be made before the case is submitted to the jury, in order to preserve the objection for post-trial motion or for appeal. The Ninth Circuit has also subscribed to this

[13] Plaintiff's counsel *did* object to another portion of defense counsel's closing. *See* 12/4/00 Tr. Transcript at 1019:18-1021:6.

"object or waive" rule. *See, e.g., Kaiser Steel Corp. v. Frank Coluccio Construction Co.,* 785 F.2d 656, 658 n.2 (9th Cir. 1986) ("Most circuits have held squarely that the lack of a contemporaneous objection bars a complaint in a civil appeal about alleged attorney misconduct during summation."); *Kehr v. Smith Barney, Harris Upham & Co., Inc.,* 736 F.2d 1283, 1286 (9th Cir. 1984).

Thus, the failure by Plaintiff's counsel to object to "improper" argument during Defendants' closing argument erects an initial barrier to Plaintiff's right to object to that argument now. As the *Kaiser Steel* court remarked, "Nothing prevented Coluccio's attorney from raising this issue with the trial court well before the jury began its deliberations. This action would have permitted the judge to examine the alleged prejudice and to admonish Kaiser's counsel or issue a curative instruction, if warranted." *Kaiser Steel,* 785 F.2d at 658.

In this case, Plaintiff's counsel failed to raise any objection to those portions of Defendants' counsel's closing argument to which objection is now made. Rather than affording the Court an opportunity to cure any alleged prejudice *before* the case was submitted to the jury, Plaintiff *now,* over two months later, seeks to have the Court invalidate the jury's findings and order a new trial. Plaintiff has waived its right to seek this relief, and no new trial is warranted.[14]

---

[14] In its Reply, Plaintiff cites *Anheuser-Busch, Inc. v. Natural Beverage Distributors,* 69 F.3d 337 (9th Cir. 1995) for the proposition that its failure to object should be overlooked because it had already objected once during Defendants' closing argument, and it would risk antagonizing the jury if it were to object again. However, Plaintiff may

(Continued on following page)

Even if Plaintiff had preserved its right to object, the quoted statements from defense counsel's closing argument do not meet the test for a new trial that is elucidated in *Anheuser-Busch* and *Wharf* on the basis of allegedly improper conduct by opposing counsel. First, the statements to which Plaintiff refers are quoted out of context, and are at the most equivocal slips of the tongue by defense counsel in the context of a long closing argument. For instance, counsel's description of the 1988 letter as a "public document" and as "death to the patent" is *preceded* by conditional statements that make it clear the letter *would* have been "public" only "if Gus would have sent his letter out to the public . . . " 12/4/00 Tr. Transcript at 1025:4-5. At worst, counsel's statement was a *de minimus* misstatement, and more likely there was nothing improper about it, in that it was merely a poorly-phrased "what if" hypothetical, not inherently prejudicial.

The quoted passage from later in the closing argument is even more equivocal, and provides even less basis for arguing that it is legally objectionable. Indeed, defense counsel appropriately refers to the 1988 letter as possibly *indicating* Gus Stratton's knowledge of a potential "deceptiveness" problem with the '405 patent. *See* 12/4/00 Tr. Transcript at 1053:7-1054:24. There is no basis for stating that at this point defense counsel ever said that the 1988 letter *was* a prior public use; his point was merely to

---

not rely on its prior objection, on a wholly unrelated point, as a stand-in for the objection that it ought to have made to the allegedly improper statements. Unlike *Anheuser-Busch*, this is not a case where "misconduct permeate[d] the proceeding . . . " such that the jury would be "necessarily prejudiced." *Anheuser-Busch*, 69 F.3d at 346.

suggest that the Strattons may have had reason to worry about additional questions the patent examiner might ask if the letter were submitted. While it again may be true that defense counsel was inexact in his argument, and that he may even have slightly misstated the significance of the letter, it is not even clear that the statement would have been objectionable at the time, let alone by post-trial Motion two months after the verdict.

Secondly, neither alleged misstatement meets the *Anheuser-Busch* test for "misconduct permeat[ing] the proceeding," such that the jury is "necessarily prejudiced." *See Anheuser-Busch,* 69 F.3d at 346. Nor do they meet the *Wharf* criteria for a new trial pursuant to Rule 60: (1) Plaintiff has not shown by clear and convincing evidence that the verdict was obtained through fraud or misrepresentation;[15] (2) Nor has Plaintiff established that the conduct prevented it from fully and fairly presenting its case or defense. *See Wharf,* 60 F.3d at 637. Given this lack of proof, and also given Plaintiff's waiver of its right to object by failing to object at trial, there is no basis to set aside the judgment or order a new trial. The Motion is DENIED.

III. CONCLUSION

For the foregoing reasons, the Court finds that there is no basis to order JMOL in Plaintiff's favor pursuant to Rule 50(b), nor a new trial pursuant to Rule 59(a). The Court finds substantial evidence in the record to support

---

[15] Plaintiff has provided no linkage indicating that the alleged improper argument necessarily led directly to the adverse verdict.

the jury findings of invalidity on the basis of prior public use and inequitable conduct. Further, the court does not deem these jury findings to be contrary to the weight of the evidence in this matter, so as to warrant an exercise of the Court's discretion to order a new trial. Finally, the Court does not find a basis under Rule 60(b) to either invalidate the verdict and judgment in this case, or to order a new trial. Accordingly, the Court hereby DENIES both of Plaintiff's Motions for JMOL, or for a New Trial.

DATED: Feb. 21, 2001

/s/ Audrey B. Collins
AUDREY B. COLLINS
UNITED STATES
DISTRICT COURT

TO: L A [illegible]

ADDRESS: 13217 SAN KENNADO RD.

SHIP TO:

ADDRESS:

REQ. NO. | FOR | DATE 4-20-88

DATE REQUIRED | HOW SHIP | TERMS

	QUANTITY	PLEASE SUPPLY ITEMS LISTED BELOW	PRICE		UNIT
1	12	CLEAR ACRYLIC BOWLS	90	10	7.50
2		4" W x 3 3/4" D x 7" H			
3		3/16" MATERIAL, TO BE			
4		GLUED TOGETHER.			
5		ANY BOWLS LEAKING			
6		FLUID WILL BE			
7		REPLACED NO CHARGE			
8		3 3/4" RADIUS 27/64 DIAM.			
9					
10		7"			
11		SIDE VIEW			
12					

INVOICES PASSED FOR PAYMENT

PLEASE SEND COPIES OF YOUR INVOICE

[signature]

PURCHASING AGENT

REDIFORM TH 141

OFFICE COPY

BEST AVAILABLE COPY

OCT 3
CLE

No. 02-373

IN THE

Supreme Court of the United States

ORANGE BANG, INC., UNIQUE BEVERAGE DISPENSERS, INC., DAVID FOX and BRUCE BURWICK,

Petitioners,

v.

JUICY WHIP, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

FRANK A. ANGILERI
Counsel of Record
ERNIE L. BROOKS
WILLIAM G. ABBATT
BROOKS & KUSHMAN P.C.
Attorneys for Respondent
1000 Town Center
Twenty-Second Floor
Southfield, MI 48075
(248) 358-4400

176637

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

RESPONDENT'S STATEMENT OF THE QUESTION PRESENTED

Whether the Federal Circuit correctly reversed the trial court's denial of respondent's motion for JMOL of no invalidity, where petitioners presented no evidence — not even testimony — that the alleged prior art device met each and every limitation of the patent claims at issue, *i.e.*, the undisputed requirement for proving invalidity?

STATEMENT PURSUANT TO RULE 29.6

Respondent, Juicy Whip, Inc., has no parent corporation and no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

	Page
Respondent's Statement of the Question Presented	i
Statement Pursuant to Rule 29.6	ii
Table of Contents	iii
Table of Cited Authorities	iv
I. Summary of Opposition	1
II. Opposition	2
A. Petitioners Ignore The Actual Basis For The Federal Circuit's Decision	2
B. Petitioners Mischaracterize The Federal Circuit's Review Of The Testimony At Issue	5
III. Conclusion	9

TABLE OF CITED AUTHORITIES

Page

Cases:

Finnigan Corp. v. Int'l Trade Com'n, 180 F.3d 1354, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999) 5

Lambrix v. Singletary, 520 U.S. 518 (1997) 8

Pfaff v. Wells Electronics, Inc., 525 U.S. 55 (1999) 2

Yee v. Escondido, 503 U.S. 519 (1992) 8

Statute:

35 U.S.C. § 102(b) 2

I. SUMMARY OF OPPOSITION

The Petition for Writ of Certiorari should be denied because it ignores the Federal Circuit's actual basis for its decision. The Petition instead is based on a fabricated holding that the Federal Circuit never reached.

The Federal Circuit reversed the denial of respondent's motion for JMOL that the patent-in-suit is not invalid because petitioners offered **no evidence** — no testimony, no evidence of any kind — that their alleged prior art device included each and every element of the patent claims in suit. It is undisputed that such element-by-element proof is required, and petitioners simply failed to offer this required evidence. The Federal Circuit also stated that even if petitioners had presented testimony on every element of the claims, the testimony did not — based on a multi factor, rule of reason analysis — amount to clear and convincing evidence.

In an effort to solicit an advisory opinion from this Court, petitioners have manufactured a holding that the Federal Circuit never reached, namely, that uncorroborated testimony is never sufficient to prove invalidity. Notably, petitioners never quote the Federal Circuit decision on review for this non-existent holding. Indeed, they quote the Federal Circuit's decision virtually not at all.

The Petition should be denied.

II. OPPOSITION

A. Petitioners Ignore The Actual Basis For The Federal Circuit's Decision

Respondent Juicy Whip, Inc. asserted claims 6 and 9 of U.S. Patent No. 5,575,405 ("the '405 patent") in this case. Petitioners contended at trial that claims 6 and 9 were invalid based on their alleged prior public use[1] of beverage dispensers in 1983 and 1988.

It is well established, and undisputed by petitioners, that a party alleging that a patent claim is invalid must prove that the alleged prior art includes each and every element (sometimes called "limitation") of the patent claim. *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 68-69 (1999). As the Federal Circuit stated:

> When the asserted basis of invalidity is prior public use, the party with the burden of proof must show that "the subject of the barring activity met each of the limitations of the claim, and thus was an embodiment of the claimed invention." *Scaltech Inc. v. Retec/Tetra, L.L.C.*, 178 F.3d 1378, 1383, 51 USPQ2d 1055, 1058 (Fed. Cir. 1999).

(App. 16.)

The Federal Circuit based its decision in the instant appeal on this unchallenged principle of law. The Federal

---

1. Pursuant to 35 U.S.C. § 102(b), a patent claim is invalid if the invention claimed was "in public use . . . more than one year prior to the date of the application for patent in the United States."

Circuit held that JMOL should have been granted because petitioners presented **no evidence of any kind** that the alleged prior public use met each and every element of claims 6 and 9. (App. 16-21.) As the Federal Circuit stated:

> Orange Bang did not present an element-by-element comparison between the 1983 and 1988 dispensers and the asserted claims. . . .
>
> Our review of the record shows a lack of substantial evidence supporting the jury's finding of invalidity under 35 U.S.C. § 102(b). We conclude that, on the record, no reasonable juror could have found that Orange Bang established — by clear and convincing evidence — that the 1983 and 1988 dispensers were complete embodiments of the claimed invention. Specifically, the record lacks substantial evidence regarding at least one limitation of each asserted claim. Claim 6 is directed to a "method for inducing sales of a beverage" comprising the step of "positioning a transparent display bowl relative to the dispenser outlet to create the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed." '405 patent, col. 12, ll. 53-56. Claim 9 requires that the dispenser be "positioned relative to said outlet to create the visual impression that said container is the reservoir and principal source of said dispensed beverage issuing from said outlet." '405 patent, col. 13, ll. 10-13. While the record contains testimony from several witnesses which, if believed by the jury, indicates that some of the

claim limitations were found in the 1983 and 1988 dispensers, the record is devoid of evidence showing that the above limitations were found in either dispenser.

(App. 16-17.)[2]

---

2. Claims 6 and 9 state (with the limitations not proven in italics):

6. A method for inducing sales of a beverage to be dispensed from the outlet of a post-mix beverage dispenser, said method comprising the steps of:

positioning a transparent display bowl relative to the dispenser outlet to create the visual impression that said bowl is the reservoir and principal source from which a serving of the beverage is dispensed;

selecting a display fluid for said bowl which resists formation of organic growth and simulates the appearance of the dispensed beverage; and

visibly storing, without dispensing, a quantity of said fluid in said bowl to create the visual impression that multiple servings of the dispensed beverage are stored in said bowl for issuance from the outlet.

9. A beverage dispensing apparatus comprising:

a post-mix dispenser having a dispensing outlet for discharging beverage components in predetermined proportions to provide a serving of dispensed beverage; and

(Cont'd)

Petitioners fail even to mention the Federal Circuit's holding to this Court. This omission is misleading, and renders the Petition frivolous. Because petitioners do not challenge the *actual basis* for the Federal Circuit's decision, the Petition should be denied.

B. Petitioners Mischaracterize The Federal Circuit's Review Of The Testimony At Issue

Beyond ignoring the Federal Circuit's actual holding in this case, petitioners turn to *another* Federal Circuit case (*Finnigan Corp. v. Int'l Trade Com'n*) for the issues of this Petition:

> In the *Barbed-Wire Patent Case*, the Court indicted that testimony used to invalidate a patent

---

(Cont'd)

> a transparent display container having no fluid connection with said outlet and visibly containing a quantity of fluid which simulates the appearance of said dispensed beverage, said fluid being resistant to organic growth;
>
> *said container being positioned relative to said outlet to create the visual impression that said container is the reservoir and principal source of said dispensed beverage issuing from said outlet*; and
>
> said container and said quantity of fluid visible within said container cooperating to create the visual impression that multiple servings of said dispensed beverage are stored within said container.

(App. 4-5.)

> is viewed with suspicion, and petitioners take no issue with that proposition.
>
> * * *
>
> After its creation and in response to the *Barbed-Wire Patent Case* the Federal Circuit at least initially determined the adequacy of corroboration using a flexible "rule of reason" analysis. [Citations omitted.] However, more recently that flexible rule of reason analysis has been transformed into the inflexible rule that written corroboration is needed for virtually every element of a claimed prior art use to meet the supposedly "clear and convincing" standard needed to invalidate a patent. *Finnigan Corp. v. Int'l Trade Com'n*, 180 F.3d 1354, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999). As a consequence, the burden of proof requirement now exceeds that of the criminal standard.

(Petitioners' Brief, pp. 11-13.)

In *this* case, however, the Federal Circuit *applied the flexible, "rule of reason," analysis* for corroboration:

> Even if the testimony at trial were sufficient to correlate each element of the alleged anticipatory dispensers with each claim limitation, this court must still ascertain whether that type of evidence was adequate to support the jury's finding. . . .
>
> * * *

> . . . In light of this high standard, this court's predecessor adopted a list of factors for evaluating the credibility of oral statements. *See In re Reuter*, 670 F.2d 1015, 1021 & n.9, 210 USPQ 249, 255 & n.9 (CCPA 1981). Those factors include: (1) delay between event and trial, (2) interest of witness, (3) contradiction or impeachment, (4) corroboration, (5) witnesses' familiarity with details of alleged prior structure, (6) improbability of prior use considering state of the art, (7) impact of the invention on the industry, and (8) relationship between witness and alleged prior user. *Id.* (citing *E.I. du Pont de Nemours & Co. v. Berkley & Co.*, 620 F.2d 1247, 1261 n.20, 205 USPQ 1, 11 n.20 (8th Cir. 1980)). This Court, especially in the context of proving priority of invention, has analyzed this corroboration requirement with a "rule of reason" analysis. *See Price v. Symsek*, 988 F.2d 1187, 1195, 26 USPQ2d 1031, 1037 (Fed. Cir. 1993).
>
> * * *
>
> Here, applying the *Reuter* factors, we conclude that the evidence presented by Orange Bang was insufficient as a matter of law to surmount the clear and convincing evidence hurdle. The testimony about the 1983 and 1988 dispensers came more than eight and twelve years, respectively, after the witnesses saw the dispensers. Cretella, the only witness to use the dispensers to serve drinks in public, kept the 1983 dispenser for only one month and the 1988 dispenser for less than three months. None of the six witnesses can be said to be disinterested.

(App. 21, 24, 27.)

The Federal Circuit in *this* case never articulated, let alone relied on, an "inflexible rule that written corroboration is needed for virtually every element of a claimed prior art use," as petitioners represent. (Petitioners' Brief, p. 12.) After holding that petitioners had presented *no* evidence for at least one claim element (App. 16-21), the Federal Circuit concluded that petitioners' testimony was also insufficient based on a *rule of reason* analysis (App. 27 ("applying the *Reuter* factors, we conclude that the evidence presented by Orange Bang was insufficient as a matter of law to surmount the clear and convincing evidence hurdle")).

Petitioners improperly seek an advisory opinion. *See Lambrix v. Singletary*, 520 U.S. 5188, 522-23 (1997). The Petition should be denied.[3]

---

3. It bears note that petitioners never raised to the Federal Circuit the burden of proof argument they urge on this Court. *See Yee v. Escondido*, 503 U.S. 519, 533 (1992).

III. CONCLUSION

Petitioners fail to address the Federal Circuit's actual basis for its decision — no evidence of any kind that the alleged prior public use meets all limitations of the patent claims. Instead, they manufacture a ruling never reached by the Federal Circuit. The Petition is baseless and should be denied.

Respectfully submitted,

FRANK A. ANGILERI
Counsel of Record
ERNIE L. BROOKS
WILLIAM G. ABBATT
BROOKS & KUSHMAN P.C.
Attorneys for Respondent
1000 Town Center
Twenty-Second Floor
Southfield, MI 48075
(248) 358-4400